

# DAILY REPORT

*China*

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Today's edition of the Soviet Union DAILY REPORT supplement "Chernobyl Incident" will be the last of the special series that began on 7 May. Further reportage and comment on this nuclear accident will be published in the relevant regular volumes of the DAILY REPORT.

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PRC UN ENVOY CALLS FOR HALT TO NAVAL ARMS RACE

OW150214 Beijing XINHUA in English 0157 GMT 15 May 86

[Text] United Nations, May 14 (XINHUA) -- China today called on the two superpowers to stop their naval arms race and take the lead in drastically reducing their nuclear and conventional naval forces. The appeal was made by Fan Guoxiang, the newly-appointed Chinese ambassador to the United Nations on disarmament affairs, at the annual meeting of the U.N. Disarmament Commission devoted to the question of "naval arms race and disarmament."

Fan said, "The United States and the Soviet Union are now the only two countries possessing world-wide navies." They possess not only "the absolute majority of the world's total submarine-launched ballistic missiles," but also a conventional naval force "far exceeding that of any other country." "The possibility of their using nuclear weapons and their capacity for intervention against other countries have caused anxiety among many small and medium-sized coastal countries," he added.

He also pointed out that for years the two superpowers have been fiercely competing with each other for combat effectiveness and survivability of their naval forces. The rivalry "not only contributes to the tension in their bilateral relations, but also seriously jeopardizes international security, freedom on the high seas, international shipping routes and the exploitation of marine resources."

The Chinese ambassador said that in face of the global-scale naval arms race between the United States and the Soviet Union and its wide-spread threat to international security, "It is totally justified" for the other coastal countries, particularly the developing countries, to strive to develop their own naval forces in order to guard against outside aggression and protect their maritime rights and interests.

He stressed that the Soviet Union and the United States, the two biggest naval powers in the world, should take the lead in limiting and drastically reducing their nuclear and conventional naval forces, particularly their ocean-going nuclear forces and conventional offensive weapons. With these goals being achieved, other nuclear-weapon states and major naval powers should then participate in the nuclear and conventional disarmament, he added.

Fan also said that "should coastal conventional naval forces exceed the reasonable need of defense, their reduction also has to be effected." But, "as this question does not have a global significance, its solution should be sought in a smaller scope within the region concerned or among the countries concerned."

Ambassador Fan also expressed his appreciation of the initiatives to establish peace zones in the Indian Ocean, the Mediterranean and other sea areas. "The establishment of peace zones with oceans as primary constituents is an effective way to control the naval arms race and avert the use of naval forces for intervention and aggression," he declared. He called on all nuclear-weapon states, particularly those with huge nuclear arsenals, to "fully respect the already established nuclear weapon-free zones, including the waters within these zones."

The 1986 annual meeting of the U.N. Disarmament Commission began on May 5 and will conclude at the end of this month.



PRC TO LAUNCH U.S. COMMUNICATIONS SATELLITES

OW150146 Beijing XINHUA in English 0315 GMT 15 May 86

[Text] Beijing, May 15 (XINHUA) -- China will use its "Long March-3" rockets to launch two American communications satellites, the Astronautics Industry Ministry confirmed here today. A memorandum of agreement to launch the satellites was signed between China's Great Wall Industry Corporation and the U.S. Teresat Inc. in New York April 20, said Chen Shouchun, chief engineer of the scientific research and production bureau under the ministry. Chen, who had just returned to Beijing after attending the signing ceremony, said that the first American Satellite will be put into its geostationary orbit in December 1987 and the second will be launched some time in 1988.

This will be the second time for China to launch satellites for a foreign customer since it announced last October that its launching vehicles would be offered for international service. Earlier this year, the Swedish space company asked China to launch a Mailstar satellite. The "Long March-3" carrier rockets have been used to launch China's two earth-synchronous satellites.

ZHAO CALLS ON U.S. TO EASE TECHNOLOGY TRANSFERS

OW141236 Beijing XINHUA in English 1222 GMT 14 May 86

[Text] Beijing, May 14 (XINHUA) -- Chinese Premier Zhao Ziyang today called on the government of the United States to open its doors wider and reduce restrictions on technology transfers to China. He suggested that the two countries combine technology transfers with cooperative production and the establishment of joint-venture enterprises. The Chinese premier made these remarks at a meeting with a delegation from the United Technologies Corporation (UTC), led by former U.S. Secretary of State Alexander Haig and UTC Chairman Harry J. Gray, here this afternoon.

Zhao said that it is more suitable for China to conduct cooperative production and run joint-venture enterprises in the interests of both China and the U.S. He expressed the hope to further Sino-U.S. trade and see more Chinese products enter the U.S. market. "If that happens, China's ability to buy U.S. products will be heightened," he added.

He pointed out that Sino-U.S. trade amounts to a very small portion of the U.S. external trade. "We'd like to see people of various circles in the U.S. make efforts to further promote Sino-U.S. trade", he said. Zhao told the visitors that UTC has had very fruitful cooperation with China, which should be further expanded.

Haig replied that he would work for the promotion of Sino-U.S. relations, especially trade and cooperation in economic fields. He also expressed his opposition to protectionism. Gray told the Chinese premier that UTC is willing to cooperate with China in technology transfers and personnel training. The Otis Elevator Co., a UTC subcompany, has carried out sound cooperation with China in this regard. Although many of the UTC subcompanies have opened offices in China, he said, UTC itself is prepared to open an office in Beijing to further its contacts with various Chinese departments and enterprises. Zhao also exchanged views with Haig on international issues.

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PRC INTERNATIONAL AFFAIRS  
UNITED STATES

YAO YILIN WELCOMED BY SHULTZ IN WASHINGTON

OW150112 Beijing XINHUA in English 0101 GMT 15 May 86

[Text] Washington, May 14 (XINHUA) -- Chinese Vice-Premier Yao Yilin arrived here today on a 10-day official visit to the United States at the invitation of U.S. Vice-President George Bush. U.S. Secretary of State George Shultz welcomed the Chinese vice premier at the Madison Hotel where Yao stays during his stay in Washington. On hand at Andrews Air Force Base to greet Yao Yilin and his party were Gaston Sigur, U.S. assistant secretary of state; Winston Lord, U.S. ambassador to China; Brigadier General Edward N. Gidding, commander of Air Force, district of Washington. Zhang Zai, minister of the Chinese Embassy in Washington, was present on the occasion. During his visit, Yao will co-chair the fourth session of the China-U.S. Joint Commission on Commerce and Trade. Yao Yilin and his party arrived in San Francisco from Beijing on May 12. While in San Francisco, Yao Yilin attended a banquet given in his honor by Dianne Feinstein, mayor of the city, and met with noted businessmen.

Addresses Banquet in His Honor

OW150956 Beijing XINHUA in English 0934 GMT 15 May 86

[Text] Washington, May 14 (XINHUA) -- Sino-U.S. economic and trade relations must be based on equality, mutual trust and benefits to ensure an overall, stable and sustained development, Yao Yilin, Chinese vice premier of the State Council, said tonight. Yao, speaking at a dinner in his honor, is on a 10-day official visit to the United States at the invitation of U.S. Vice President George Bush. He is also going to head the fourth session of the the China-U.S. Joint Commission on Commerce and Trade (JCCT) during his visit.

U.S. Secretary of Commerce Malcolm Baldrige said economic and trade relations between the United States and China have been promoted as a result of efforts by both sides. The joint commission's history is not long, Baldrige said, but it is inspiring so far. He said he believes that this session will equal and surpass achievements of previous sessions.

Yao replied, saying with the rapid developments of Sino-U.S. trade in recent years, the United States has now become the third largest partner in China's foreign trade. According to Yao, besides trade, great potential in economic and technological cooperation between the two countries remains to be tapped. He stressed that China offers numerous opportunities for Sino-U.S. cooperation. Attending the dinner were members of Yao's party, the Chinese delegation for the commission sessions, and diplomats from the Chinese Embassy in Washington. U.S. Deputy Secretary of State John Whitehead, Assistant Secretary of State Gaston Sigur, U.S. Ambassador to China Winston Lord, under Secretary for International Trade Bruce Smart and members of the American delegation attending the fourth session of the JCCT. Yao, who arrived today, met with Clayton Yeutter, U.S. special trade representative, this afternoon.

YANG DEZHI VISITS VARIOUS SITES IN CALIF. NIA

OW150754 Beijing XINHUA in English 0740 GMT 15 May 86

[Text] Washington, May 14, (XINHUA) -- Yang Dezhi, chief of the general staff of the Chinese People's Liberation Army, and his party visited the McDonnell Douglas Helicopter Corporation in Culver City, near Los Angeles, California this afternoon.

Yang, accompanied by the executive President of the Douglas Helicopter Division Al Haggerty, viewed 500e model helicopter flight demonstration. Yang arrived in Los Angeles yesterday evening. This morning he toured Universal Studios in Universal City, California. Yesterday they visited the Pradley fighting vehicle assembly plant in San Jose and the Moffett Field Naval Air Station, California.

#### U.S. AEROSPACE EXHIBIT OPENS IN BEIJING

OW150640 Beijing XINHUA in English 0628 GMT 15 May 86

[Text] Beijing, May 15 (XINHUA) -- A U.S. aerospace industrial exhibition opened here today at the China International Exhibition Center. The exhibition, the first of its kind ever held by the United States in China, was jointly sponsored by the U.S. Ministry of Commerce and the Chinese Aviation Industry Ministry. Over 70 manufacturers are displaying engines, electronic equipment and other sophisticated equipment and components, covering more than 5,000 square meters of floor space. A senior official from the U.S. exhibition group told XINHUA, the exports of aviation industrial products to China came to 668 million U.S. dollars in 1985, accounting for about 16 percent of the total U.S. exports to China during the year. An official from the Civil Aviation Administration of China (CAAC), China's national flag-carrier, said that China has ordered eight jumbo Boeing aircraft and two A310 type airbuses from the United States this year. China will then have 51 Boeing aircraft, he added.

Jia Shi, president of the host organization for the exhibition -- the China Council for the Promotion of International Trade, said that the participating companies will brief their Chinese counterparts on the present conditions and development trends in the U.S. aviation industry, as well as on their products during the exhibition. This will give an impetus to the development of technical cooperation and trade in the aviation industry between the two countries, he added. Aviation Industry Minister Mo Wenxiang cut the ribbon to open the exhibition. The exhibition will last through May 21.

#### NO DATE SET FOR SHULTZ-SHEVARNADZE TALKS

OW130148 Beijing XINHUA in English 0046 GMT 13 May 86

[Text] Washington, May 12 (XINHUA) -- The U.S. State Department said today the United States and Soviet Union still have not agreed on a date for a meeting between Secretary of State George Shultz and Soviet Foreign Minister Eduard Shevardnadze. The meeting, originally planned for May, was cancelled by the Soviet Union after the U.S. air raid on Libya.

State Department spokesman Charles Redman confirmed that a Soviet deputy foreign minister had met with U.S. Assistant Secretary of State Rozanne Ridgway last Friday in Washington. Asked whether they discussed the date for a Shultz-Shevardnadze meeting, Redman replied, "I would not lead you to believe that that meeting advanced that particular question at all." Redman also disclosed that the two countries have not decided when and where bilateral talks on the Middle East and Afghanistan will be resumed. News reports indicate that the Soviet Union has proposed Stockholm and Moscow for the talks in June on the Middle East and Afghanistan, respectively. "It's simply a question of pinning the dates down and getting the go-ahead," Redman said. The State Department last week announced that the two superpowers will resume talks on Central America in Moscow on May 20.



HU YAOBANG MEETS DPRK CHEMISTS' DELEGATION

OW141340 Beijing XINHUA in English 1334 GMT 14 May 86

[Text] Beijing, May 14 (XINHUA) -- Hu Yaobang, general secretary of the Chinese Communist Party Central Committee, met the leading Korean Chemist Yi Sung-ki and a delegation of chemists he leads from the Korean Academy of Sciences here today in Zhongnanhai. Professor Yi, also director of the academy's Hamhung branch, successfully heat-treated vinylon in 1939 in collaboration with a Japanese chemist, thus putting it to practical use.

Hu, who met the professor in Hamhung in May 1984, praised the 82-year-old professor's contribution to the technological development of the vinylon production.

Yi, who last visited China in 1963, told Hu that he was impressed by the depth of research now China was doing after visiting some research establishments this time. Lu Jiaxi, president of the Chinese Academy of Sciences, took part in the meeting. The Korean guests arrived here last week at the invitation of the Chinese Academy of Sciences.

GU MU SPEAKS TO JAPANESE NEWSMEN ON TRADE DEFICIT

OW131722 Beijing XINHUA in English 1552 GMT 13 May 86

[Text] Beijing, May 13 (XINHUA) -- State Councillor Gu Mu said here today that a solution to the Sino-Japanese trade deficit was of strategic importance in boosting economic and friendly relations between the two countries. Gu was speaking at a meeting with economic editors from the Japanese newspapers, "YOMIURI NEWS", "ASAHI SHIMBUN", "KYODO TSUSHINSHA", "SANGYO KEIZAI SHIMBUN", "CHUNICHI SHIMBUN" and "NIHON KEIZAI SHIMBUN".

He said he hoped both China and Japan would make painstaking efforts to find positive ways to balance the trade deficit, which is currently in Japan's favor. While China needed to upgrade the quality of its exports and open new fields of co-operation, it hoped Japan would adopt more open and preferential policies to allow more Chinese products to enter Japanese markets.

Responding to a question about whether China would open more special economic zones and cities, Gu said that so far China had not considered the matter. China was concentrating its attention on running the existing ones well, he added. On relations between Hong Kong and Shenzhen, he said that policies now being carried out in Shenzhen would not be applied to Hong Kong, but that the close co-operation and mutual support between the two cities would further develop after 1997. "That will be good for both Hong Kong and Shenzhen," he added.

[Beijing XINHUA Domestic Service in Chinese at 1343 GMT on 13 May, in a similar report adds the following: "Gu Mu pointed out: The Shenzhen Special Economic Zone will always adhere to the four basic principles, but economically it will implement a fairly special policy. On the other hand, the existing system in Hong Kong will remain unchanged for 50 years after 1997."]

Asked whether China's participation in the Asian Development Bank would affect other Asian countries as China needed large amounts of funds, he said that China would respect the ADB's rules and regulations, and act in accordance with the rights and obligations ADB stipulated in its rules for all members. "China will never do anything against ADB's regulations to benefit itself at another country's expense," he added. Fan Jingyi, editor-in-chief of China's "ECONOMIC DAILY", attended the meeting.



FURTHER REPORTAGE ON WU XUEQIAN'S EUROPEAN VISIT

## Meets Finnish Parliamentarian

OW141400 Beijing XINHUA in English 1338 GMT 14 May 86

[Text] Helsinki, May 14 (XINHUA) -- Finnish Parliament Speaker Erkki Pystynen received Chinese Foreign Minister Wu Xueqian at the Parliament House this morning. During the meeting, Pystynen recalled the visit he paid to China early last year at the head of a parliamentary delegation, saying the cordial welcome accorded him and China's rapid economic growth had left a deep impression on him. He inquired about the economic situation in China in the past year since his visit, after being briefed by Wu about the economic construction and reforms now being carried out in China. He expressed the desire for more contacts between the two countries in the political, economic and other fields. They also had an exchange of views on issues of mutual interest. After the meeting, Foreign Minister Wu and members of the delegation he led were shown around the Parliament House in the company of Pystynen. Also present on the occasion were other Finnish parliament leaders as well as Chinese ambassador here Lin Aili.

## Addresses Trade Luncheon

OW141444 Beijing XINHUA in English 1435 GMT 14 May 86

[Text] Helsinki, May 14 (XINHUA) -- Visiting Chinese Foreign Minister Wu Xueqian said here today that China sets great store by its economic exchange and cooperation with not only West but also north European countries. Speaking at a luncheon given for him by the Finland-China Trade Association, Wu added that the exchange and cooperation referred not only to big enterprises, but also to small and medium-sized companies. Dealing with China's economic growth, Wu said that from 1981-85, China's gross national product registered an average yearly increase of 10 percent, and its industrial and agricultural output an increase of 11 percent. The reforms being carried out in its economic structure are progressing steadfastly and healthily, he said.

On China's policy of opening to the outside world, Wu said that China will depend on its own efforts to reactivate its economy, but it will also strengthen exchange and cooperation with other countries. China's foreign trade has doubled in the past three years compared with the previous five years, Wu added. The past years have witnessed a jump in Finnish-Chinese trade, and there exist broad prospects for greater cooperation on the basis of mutual benefit, Wu said.

Wu's words struck the right note among Finnish businessmen attending the luncheon who responded with promises to work for greater cooperation between the two countries. In recent years, greater trade and cooperation between China and Finland have gone hand in hand with increasing political exchanges between the two countries. Trade between China and Finland last year was about 800 million markkas (146 million U.S. dollars), a big jump over the previous year. The Finland-China Trade Association was set up last year and is made up of more than 100 enterprises covering industry, commerce banking and tourism.

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PRC INTERNATIONAL AFFAIRS  
WESTERN EUROPE

'Successful and Fruitful' Visit

OW141528 Beijing XINHUA in English 1519 GMT 14 May 86

[Text] Helsinki, May 14 (XINHUA) -- Chinese State Councillor and Foreign Minister Wu Xueqian left for Sweden today after a "successful and fruitful" three-day visit here, the first by a Chinese foreign minister to the Nordic country. During his stay here, Wu held talks with his Finnish counterpart Paavo Vayrynen on bilateral relations and a wide range of international issues of common concern. The two sides stressed in the talks that Wu's visit will promote the friendly relations between the two countries and their cooperation in economy, trade, science and technology.

Finnish President Mauno Henrik Koivisto, Prime Minister Kalevi Sorsa and Parliament Speaker Erkki Pystynen also met and exchanged views with the Chinese minister on bilateral and international issues. Wu's visit is one of a series of high-level contacts between the two countries over the past two years. Vayrynen and Pystynen visited China in 1984 and early 1985 respectively. Sorsa will visit China in September.

During his stay, the Chinese foreign minister visited Helsinki and some other cities in north Finland. Wu delivered a speech Monday on China's independent and peace-oriented foreign policy at Finland's Paasikivi Society, one of the most important institutions studying the country's foreign policy and international issues. The Chinese minister gave a farewell buffet yesterday evening in the Chinese Embassy. Vayrynen and many other well-known persons attended the reception. Wu arrived here Sunday on the first leg of a nine-nation Europe tour that will also take him to Sweden, Norway, Denmark, Belgium, Luxembourg, Ireland, Democratic Germany and Hungary.

Arrives in Sweden

OW141812 Beijing XINHUA in English 1803 GMT 14 May 86

[Text] Stockholm, May 14 (XINHUA) -- Chinese Foreign Minister Wu Xueqian said here today that mankind should not abandon the use of nuclear energy and they can build more secured nuclear stations by learning from the Soviet Chernobyl accident. Wu said that nuclear energy should serve the peace of mankind and economic development instead of being abandoned. He expressed the belief that after the accident, there will be more and better security measures to prevent such mishaps from occurring.

Wu made these remarks in response to reporters' questions upon his arrival here for an official visit to Sweden on the second leg of his nine-nation European tour. Wu, also Chinese state councillor, flew in from Finland after a three-day visit. He was met at the airport by Swedish Foreign Secretary Sten Andersson and other officials. The Chinese foreign minister told reporters at the airport that there are broad trade prospects between China and Sweden, China's number one trading partner in northern Europe. He said that efforts are being made to solve imbalance between the two countries.

Welcomed at Stockholm Banquet

OW150664 Beijing XINHUA in English 0633 GMT 15 May 86

[Text] Stockholm, May 14 (XINHUA) -- Swedish Foreign Minister Sten Andersson tonight praised China's economic reforms and its open door policy and called for enhanced Sino-Swedish relations.

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WESTERN EUROPE

He made the remarks in a welcoming speech at a banquet in honor of his Chinese counterpart Wu Xueqian who arrived here today for a four-day official visit. He said a more prosperous society both in Sweden and in China depends on world peace. He expressed satisfaction at the state of relations between the two countries, which, he said, not only benefit Sweden and China but also world peace and stability.

In his response, Chinese Foreign Minister Wu Xueqian said China places a high value on Sweden's economic and scientific achievements. He specially praised Sweden's neutral and nonaligned policy in defence affairs and the unremitting efforts it has made against power politics and for easing international tensions and improving South-North relations. He reviewed the development of Sino-Swedish relations and stressed that "our friendly cooperative relationship will be strengthened" through joint efforts by the two countries. On the international situation, he said that it is the common aspiration of the peoples of all countries to safeguard world peace. "We are opposed to arms race of all kinds and advocate effective disarmament," he said. He stressed that all the countries, big or small, strong or weak, should enjoy equal rights in discussing disarmament, a question that concerns human future and destiny.

#### ZHAO, THATCHER GREET CHINA ECONOMIC WEEKLY

OW110828 Beijing XINHUA in English 0849 GMT 11 May 86

[Text] Beijing, May 11 (XINHUA) -- Chinese Premier Zhao Ziyang and British Prime Minister Margaret Thatcher have sent messages to congratulate the publication of the CHINA ECONOMIC WEEKLY. Started publication on May 1. the English language weekly is being edited in Beijing, and printed and distributed in Britain. It is sponsored by the Chinese ECONOMIC DAILY.

In his message, Premier Zhao Ziyang said that the publication of the CHINA ECONOMIC WEEKLY will be of significance in promoting the economic, technical and cultural cooperation between China and European countries and enhancing the friendship between the peoples of China and Europe. "Europe is an important trade partner of China," he said. There has been a considerable progress in the bilateral economic and technical cooperation and exchanges in recent years. "However, there is still great potential that requires the efforts of the two sides to tap." The premier hoped the weekly would play an active role in this respect and contribute to the prosperity of China and that of the European countries.

In her message, Prime Minister Margaret Thatcher said, "I know from my visits to China that many British businessmen have not been slow to see the great potential for trade that exists between our two countries. But if this potential is to be realised it is very important that more British businessmen be made aware of the latest developments in China's expanding economy. I am very pleased therefore that the first newspaper devoted exclusively to the Chinese economy published in English should be the result of Anglo-Chinese co-operation. I am sure that with the publication of the CHINA ECONOMIC WEEKLY, businessmen will be better informed and therefore better placed to take advantage of the opportunities for trade and investment that exist."

#### ZHENG TUOBIN SIGNS FINANCIAL PROTOCOL IN FRANCE

OW141458 Beijing XINHUA in English 1430 GMT 14 May 86

[Text] Paris, May 14 (XINHUA) -- French Prime Minister Jacques Chirac met with Zheng Tuobin, Chinese minister of foreign economic relations and trade, here today.



Also present at the meeting were Michel Noir, a ministerial-level delegate in charge of France's foreign trade, and Chinese Ambassador Cao Keqiang. Two days ago, the visiting Chinese minister and Eduard Balladur, French minister of state in charge of economy, finance and privatization, signed a financial protocol, according to which a credit of 1.3 billion francs (about 193 million U.S. dollars) will be granted to China to modernize a thermal power plant and a cement plant. Zheng, who started the France trip on May 10, will leave Paris later today for London.

#### STATE COUNCILLOR GU MU MEETS ITALIAN VISITORS

OW141036 Beijing XINHUA in English 1009 GMT 14 May 86

[Text] Beijing, May 14 (XINHUA) -- State Councillor Gu Mu expressed hope for trade increase between China and Italy at a meeting with G. Ratti, president of the Italian Institute of Foreign Trade, and his party here today. Cooperation between China and Italy has been going on well, Gu said. Italy is now China's second largest trade partner in Europe. Ratti said the trade increase is a result of years of friendly cooperation between the two countries. He also hoped for greater economic cooperation.

#### XU XIN FETES NETHERLANDS ARMY LEADER 13 MAY

OW1311437 Beijing XINHUA in English 1432 GMT 13 May 86

[Text] Beijing, May 13 (XINHUA) -- Xu Xin, deputy chief of general staff of the Chinese People's Liberation Army, gave a banquet here tonight in honor of Peter Jan Graaff, commander-in-chief and chief of staff of the Royal Netherlands Army, and his wife and party. He is the first Dutch commander-in-chief to visit China. This morning a ceremony was held for the visiting commander-in-chief at the plaza in front of the military museum of the Chinese People's Revolution. In the company of Xu Xin, Graaff reviewed a guard of honor of the PLA ground forces. Graaff and his party arrived here yesterday.

#### DISCUSSIONS WITH BRITAIN OVER RAIL BOND ISSUE

HK100928 Hong Kong AFP in English 0905 GMT 10 May 86

[Text] Beijing, May 10 (AFP) -- China and Britain completed Saturday a first round of talks of properties which, analysts said, covered a dispute over pre-revolutionary Chinese rail bonds that has blocked Beijing's access to London financial markets. A British Embassy spokesman said Chinese and British teams had completed a first round of "property negotiations" started here Monday. He said the discussions were held in a "friendly and frank atmosphere." A second round of talks will be held in the near future, he said, but decided to give further details on either the talks or the assets under discussion. Informed analysts said the talks were believed to have covered a collection of properties including the pre-revolutionary rail bonds and some British assets damaged in China after the communists came to power in 1949. It was not known that the post-1949 assets included damage to the British Chancery in Beijing, which has burned by Red Guards during the Cultural Revolution in 1967.

Legal snags over Beijing's refusal to honour six million pounds sterling of Huguang railway bonds issued by the crumbling Qing Dynasty in 1911 to British, French, German and U.S. investors have prevented China from borrowing on London and New York financial markets, bankers said.



China, which had a record 14.1 billion dollar trade deficit in 1984 and is hard pressed for foreign currency to finance ambitious modernization plans, has shown increased willingness to borrow during the past year, analysts said. Resolving the issue could help open the way for China to float bonds in London and eventually in New York, the analysts said. Previous Chinese bond issues have been limited to Tokyo, Hong Kong, and a small 1985 issue in West Germany.

China considers the Huguang bonds as "odious debt" unpayable under international law, since they were incurred by China's imperial government "to maintain its reactionary rule and suppress the revolutionary struggle of the Chinese people with imperialism." Huguang bond holders say the debt, which was honoured by the nationalist government from 1911 until the 1930's, is valid. They argue that the railway built with the funds still exists.

BEIJING-ROME DIRECT FLIGHT TO BEGIN 30 JUN

OW140852 Beijing XINHUA in English 0639 GMT 14 May 86

[Text] Beijing, May 14 (XINHUA) -- The Civil Aviation Administration of China (CAAC) will open a new direct international air route between Beijing and Rome on June 30, CAAC announced here today. It will be CAAC's 26th international route, and will be extended to Frankfurt in the Federal Republic of Germany, an administration official said. Boeing 747 jumbo jet airliners will be used for the weekly service. They will leave Beijing every Monday, and take off again from Rome every Tuesday. The official said the opening of the new route would help promote economic, cultural and technological exchanges between China and Italy, and would benefit China's tourism industry.

CPC DELEGATION MEETS DANISH PARTY LEADERS 6 MAY

OW071239 Beijing XINHUA in English 1132 GMT 7 May 86

[Text] Stockholm, May 6 (XINHUA) -- The delegation of the Communist Party of China (CPC) and Danish Socialist People's Party leaders expressed satisfaction with their present relations in their discussion this morning according to a report from Copenhagen. The CPC delegation led by Wei Jianxing, head of the organization department of the CPC Central Committee, arrived in Copenhagen from Norway yesterday for a five-day visit at the invitation of the Danish Socialist People's Party.

During the meeting, Eba Strange, chairman of the parliamentary group of the Socialist People's Party, briefed the Chinese guests on the party's recent congress as well as its domestic and foreign policies. Wei introduced to the hosts the building of the CPC, the ongoing reform of the economic system in China and the country's foreign policy. Both sides expressed the wish to further develop relations between the two parties.

The Danish Socialist people's party resume its relations with the CPC in 1983, and chairman of the party Gert Petersen visited China twice in the past two years. Anker Joergensen, chairman of the Danish Social-Democratic Party, met and had a cordial talk with the CPC delegation this afternoon. Joergensen said that both Denmark and his party are willing to develop their relations with China. Chinese Ambassador to Denmark Chen Luzhi attended the two meetings. The CPC delegation will end its visit on May 10.

QIAO SHI MEETS GDR CULTURE MINISTER, DELEGATION

OW091159 Beijing XINHUA in English 1142 GMT 9 May 86

[Text] Beijing, May 9 (XINHUA) -- Vice-Premier Qiao Shi met a government cultural delegation from the German Democratic Republic led by Minister of Culture Hans Joachim Hoffmann here today. The delegation arrived here May 6 for a friendly visit as guests of the Chinese Ministry of Culture.

SONG JIAN DELEGATION LEAVES FOR EASTERN EUROPE

OW110816 Beijing XINHUA in English 0757 GMT 11 May 86

[Text] Beijing, May 11 (XINHUA) -- A Chinese Government scientific and technological delegation headed by Song Jian, state councillor and minister in charge of state science and technology commission, left here today for a friendly visit to Poland, German Democratic Republic, Czechoslovakia and Hungary at the invitation of the governments of these countries. Among those seeing the delegation off at the airport were Chinese Vice-Minister of State Science and Technology Commission Zeng Xianlin and diplomatic envoys in Beijing from these countries.

Meets Polish Deputy Premier

OW130618 Beijing XINHUA in English 0555 GMT 13 May 86

[Text] Warsaw, May 12 (XINHUA) -- Polish Deputy Premier Zbigniew Szalajda met here today with Song Jian, state councillor and minister in charge of the Chinese state science and technology commission who is heading a Chinese delegation on a visit to this country. Expressing his hope that Sino-Polish scientific and technological cooperation should be further strengthened, Szalajda said there is a huge potential for further development between the two countries. Song expressed agreement with his host. The Chinese delegation arrived here yesterday and held a plenary session with Polish officials this morning.

Departs for Romania, Turkey

OW150630 Beijing XINHUA in English 0622 GMT 15 May 86

[Text] Beijing, May 15 (XINHUA) -- Song Ping, state councillor and minister in charge of the State Planning Commission, and his party left here today for a visit to the Socialist Republic of Romania and the Republic of Turkey. Seeing them off at the airport were Liu Suinian, vice-minister of the State Planning Commission, and Romanian Ambassador to China Angelo Miculescu and Turkish Ambassador to China Behic Hazar.

PRC HELPING MODERNIZE CZECHOSLOVAK SHIPPING

OW131635 Beijing XINHUA in English 1452 GMT 13 May 86

[Text] Prague, May 13 (XINHUA) -- Eight ships of the land-locked Czechoslovakia's merchant fleet will be replaced by new ones in the next five years, the country's official news agency CTK said. The new ships, among which four from China, two from Yugoslavia and two from Poland, will be highly automated and computerized, making possible round-the-clock operation with an eight-hour duty in the engine room and highly rationalized running, maintenance, fuel consumption, loading and unloading.

While ocean shipping in the world is now in its worst crisis since the war, Czechoslovakia as a land-locked country keeps his ocean shipping effective -- from operation up to the sale of old ships, though it does not have very favorable conditions for the development of its merchant fleet. It has to buy the ships, most of the materials and services necessary to operate them abroad and have its crews trained in the Soviet Union, Democratic Germany and Poland.

CTK said in the 1981-1985 period, earnings of the country's ocean-going ships rose by 40 per cent over the previous five years. Its ocean-going ships carried a record 1,879,000 tonnes of goods last year, exceeding the average of the past 27 years by almost 90 per cent. In the last 10 years, they visited 252 ports in 62 countries, CTK said. The bulk of their operations is transport of goods between ports in Poland, Yugoslavia, Cuba and India. The Czechoslovak Ocean Shipping Company, founded 27 years ago, now owns 14 ocean-going ships with a total capacity of 264,000 dwt, making it the second largest fleet of a land-locked country.

#### SINO-POLISH ECONOMIC COMMITTEE ENDS MEETING

OW110722 Beijing XINHUA in English 0708 GMT 11 May 86

[Text] Warsaw, May 10 (XINHUA) -- China and Poland today expressed satisfaction with expanded trade between the two countries and urged further development of economic and scientific cooperation. The statement was issued after the second session of the Sino-Polish committee for economic, trade and scientific and technological cooperation ended. New industrial projects involving the two countries were also discussed. The statement was signed by Czeslaw Piotrowski, Polish minister of mining and power industry, and Yu Hongen, Chinese coal minister who arrived here on May 3 to attend the session. The Sino-Polish committee was set up in July 1984 and its first meeting was held in Beijing last Spring. At the invitation of the Polish Government, Yu Hongen will remain in Warsaw for an official visit.

#### XINHUA DELEGATION ENDS VISIT TO YUGOSLAVIA

OW141558 Beijing XINHUA in English 1543 GMT 14 May 86

[Text] Belgrade, May 14 (XINHUA) -- A delegation of China's XINHUA NEWS AGENCY led by its Director-General Mu Qing left here today for Romania after concluding a week-long visit to Yugoslavia. Marko Lolic, executive secretary of the presidency of the Yugoslav Communist League, met the delegation this morning and gave them an account of the preparations for the upcoming congress of the league scheduled for next month. He appreciated the effective cooperation between the official Yugoslav news agency TANJUG and XINHUA and expressed the hope that such cooperation will be expanded. During their stay in the country, the XINHUA delegation toured Belgrade and other cities.



PRC PLEDGES ACTIVE PARTICIPATION IN ADB

OW081914 Beijing XINHUA in English 1847 GMT 8 May 86

[Text] Harare, May 7 (XINHUA) -- China will actively participate in the work of the African Development Bank (ADB) to contribute to African economic and social development, a Chinese delegate told the annual meeting of the ADB and the African Development Fund (ADF) today. Addressing the closing session of the three-day meeting, Shang Ming, one of the governors of the ADB/ADF, pledge that China will pursue the four principles of "equality and mutual benefit, stress on practical result, diversity in form, and common progress" put forward by Chinese Premier Zhao Zhiyang during his African trip in 1982.

Shang, who is the first Chinese representative to attend an ADB/ADF meeting, said that as a developing country, "China deeply sympathizes with the African people in their difficulties and has made its due contributions to their development on the basis of the established healthy cooperative relations." Although African countries have made efforts in adjusting their economies, they still face shortages of financial resources, indebtedness, falling prices of their primary products, trade protectionism and the impact of successive years of drought. He urged industrialized countries to take positive and practical actions to increase aid to Africa. The Chinese delegate also appealed to the bank group to enlarge its agricultural lending programs and to focus on medium-sized and small projects.

LI PENG MEETS NIGER PLANNING MINISTER SOUMALIA

OW131137 Beijing XINHUA in English 1119 GMT 13 May 86

[Text] Beijing, May 13 (XINHUA) -- Vice-Premier Li Peng met here today Almoustapha Soumaila, minister of planning of Niger, and his party. Li briefed the visitors on China's farmland and water conservancy construction and growth of rural enterprises. He also expressed the wish to strengthen exchanges between the two countries in various fields.

JI PENGFEI MEETS CAMEROONIAN ASSEMBLY DELEGATION

OW131351 Beijing XINHUA in English 1333 GMT 13 May 86

[Text] Beijing, May 13 (XINHUA) -- Ji Pengfei, member of the Standing Committee of the Central Advisory Commission of the Chinese Communist Party of China (CPC), met a delegation from the Cameroon National People's Democratic Assembly headed by its Vice-President Andre Ngongang Ouandji here tonight. During the meeting which took place in the Great Hall of the People, Ji Pengfei, also state councillor, and Andre Ngongang Ouandji expressed satisfaction with the expansion of friendly cooperation between the two parties and hoped such relations would further develop. After the meeting, Ji gave a banquet in honor of the Cameroon guests. Zhu Liang, head of the International Liaison Department of the CPC Central Committee, was present on both occasions. The delegation arrived here earlier today at the invitation of the CPC.



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PRC INTERNATIONAL AFFAIRS  
MIDDLE EAST & AFRICA

ZHANG JINGFU ENDS KUWAITI VISIT, LEAVES FOR HOME

OWO91155 Beijing XINHUA in English 1116 GMT 9 May 86

[Text] Kuwait, May 9 (XINHUA) -- Chinese State Councillor Zhang Jingfu and his delegation left here this morning after concluding a week-long visit to Kuwait. During its stay in Kuwait, the Chinese delegation took part in a three-day China-Kuwait symposium on investment, and signed letters of intention with investors of Kuwait and other Gulf countries on continuing consultations for investment in 18 projects of common interest. Zhang Jingfu and members of the delegation were received by Kuwaiti Amir Jabir al-Sabah and Crown Prince and Prime Minister Sa'd al-'Abdallah during the visit. They also talked with Kuwaiti Finance and Economy Minister al-Khurafi, oil and industry minister 'Ali al-Khalifah al-Adhbi and prominent figures of Kuwaiti enterprises and consortiums on further strengthening economic cooperation between China and Kuwait.

MUGABE PRAISES PRC-ZIMBABWE FRIENDSHIP

OW150120 Beijing XINHUA in English 0106 GMT 15 May 86

[Text] Harare, May 14 (XINHUA) -- Zimbabwean Prime Minister Robert Mugabe said today that the friendship between his country and China is important and he wants to work to strengthen the relations. Mugabe made the remarks while receiving He Ying, member of the Standing Committee of the National People's Congress of China. He Ying is paying a friendly visit and is attending as an observer at the five-day, All-Africa Parliamentary Conference on Population and Development, which opened here May 12. Mugabe warmly welcomed He Ying and said that China's participation in the conference on the population problem is of significance.

He Ying told Mugabe that the Chinese Government and people highly appreciated policies of independence and non-alignment adopted by the Zimbabwean Government. He Ying believed that the forthcoming non-aligned summit conference to be held in Harare, which Mugabe will chair, would contribute to the cause of world peace and progress. China will seek new ways to promote cooperation with Zimbabwe in the fields of economy, technology and trade, He Ying said. Yesterday, he met with N. Makombe, president of the Senate and D. Mutasa, speaker of the House of Assembly of Zimbabwe. He Ying also held talks with E. Mashingaidze, permanent secretary of the Ministry of Foreign Affairs. They exchanged views on the situation in southern Africa. He Ying arrived Sunday, May 11 and leaves for Zambia on Friday May 16.

NEW SUDANESE PREMIER ON RELATIONS WITH PRC

OW141919 Beijing XINHUA in English 1908 GMT 14 May 86

[Text] Khartoum, May 14 (XINHUA) -- The Sudan's newly elected Premier al-Sadiq al-Mahdi said here today his government would exert all efforts to develop friendly relations with China which, he said, the Sudan regards as its friend indeed. He made the remarks during a meeting with Chinese ambassador to the Sudan Liu Hua. The Chinese ambassador told the Sudanese premier that China hopes the friendly relations between the two countries would be further strengthened through their common efforts.

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PRC INTERNATIONAL AFFAIRS  
WESTERN HEMISPHERE

J 1

CANADA'S MULRONEY ENDS 5-DAY VISIT

Signs Tax Agreement

OW120738 XINHUA in English 0650 GMT 12 May 86

[Text] Beijing, May 12 (XINHUA) -- China and Canada signed here today an agreement for the avoidance of double taxation and the prevention of fiscal evasion with reference to taxes on income. The agreement was undersigned by Chinese Premier Zhao Ziyang and Canadian Prime Minister Brian Mulroney on behalf of their respective governments.

The two countries also signed a memorandum of understanding on plant quarantine cooperation. In addition, a memorandum of understanding on scientific and technological cooperation was initialed today between China's State Science and Technology Commission and Canada's Ministry of State for Science and Technology.

Departs Beijing

OW121146 Beijing XINHUA in English 1121 GMT 12 May 86

[Text] Beijing, May 12 (XINHUA) -- Canadian Prime Minister Brian Mulroney and Mrs. Mulroney left here this afternoon by special plane after a five-day official visit to China. This morning, Premier Zhao Ziyang bid them farewell at their residence in Diaoyutai State Guesthouse. At a press conference before his departure, Mr. Mulroney said his China visit had been "very rewarding." He said he had been impressed with China's progress made since his last visit to the country in 1979. The stable relations between Canada and China were "excellent", the prime minister said.

WAN LI MEETS CANADIAN TRADE DELEGATION

OW101203 Beijing XINHUA in English 1148 GMT 10 May 86

[Text] Beijing, May 10 (XINHUA) -- Vice-Premier Wan Li met a Canadian delegation from the Canada-China Trade Council headed by Chairman Paul Desmarais at the Great Hall of the People today. Wan Li said since the establishment of diplomatic relations between China and Canada great progress has been made in bilateral cooperation in political, economic and cultural fields, but there remain great potentials for their cooperation. He hoped for an increase in bilateral scientific and technological cooperation and personnel exchanges, and that the Canadian side will do more through the channel of the China International Trust and Investment Corporation(CITIC).

Desmarais said that Canada is willing to make further efforts to develop bilateral trade and increase personnel exchanges between the two countries. Among those present on the occasion was Rong Yiren, vice-chairman of the Standing Committee of the National People's Congress and chairman of the board of directors of the CITIC.

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C H I N A  
PRC NATIONAL AFFAIRS

K 1

ACADEMIC CIRCLES SET 'ABUZZ' BY REFORM MEASURES

HK150450 Beijing CHINA DAILY in English 15 May 86 p 4

[Article by Zhang Xiaogang: "State Reforms Set Academics Abuzz"]

[Text] Chinese academic and artistic circles are buzzing these days with discussions and arguments on topics ranging from economics, such as how to improve on concepts of socialism and literary criticism.

The leadership of the Chinese Communist Party has stressed time and again, especially since the beginning of this year, the need for theoretical review of the reforms' accomplishments to date.

Deng Xiaoping said earlier this year that the reforms would involve more than economics, including politics, science, and education.

Hu Qili, a prominent younger leader of the party, met with quite a few artists, social scientists and scientists during his inspection tour to Shanghai in mid-April. He advised artists to prize the harmonious atmosphere recently developed in the artistic circle.

He also emphasized the need to organize systematic research on major theoretical issues and policies, in which the party and government would give full play to the talent of social scientists.

Soon after, he told a May Day meeting that "a series of reforms" in such fields as economics, politics, and culture would be necessary in the process of modernization.

The current surge of academic discussion has also been stimulated by the commemoration of Marx's birthday on May 5.

It has been 30 years since the policy of "let a hundred flowers bloom and a hundred schools of thought contend" was proposed.

The policy was adopted while a few academicians were trying to convince their colleagues that the Soviet research methods were the only ideologically correct ones in some scientific fields.

But the good policy was "practically suspended" when the anti-rightist campaign went out of control in 1957, Lu Dingyi, former director of the Communist Party's Propaganda Department, recalled regretfully.

When every academic debate was believed to have serious political implications, the policy was reduced to lip service, particularly during the "Cultural Revolution."

Writing from his sick bed, Lu argued that it was counterproductive as well as contrary to academic freedom to attach political labels at will to scholastic and artistic schools of thought.

Without academic and artistic freedom, China would eventually run into disasters, he said.

Zhu Houze, the newly appointed director of the Propaganda Department, expressed a similar opinion to his predecessors when he met with editors of 86 literary magazines earlier this month.



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CHINA  
PRC NATIONAL AFFAIRS

The historian Hu Sheng has also published an article saying citizens have the right to engage in any artistic and academic activity that benefits the people, whether or not they have studied Marxism.

He suggested that serious research in social science and Marxism were not opposed to each other, saying although he believed social science research should be guided by Marxism, he was against forcing academicians to take Marxism as doctrines.

He regretted, too, that "academic discussion based on mutual understanding and pregnant with valuable insight is far too rare" in present-day China.

Chinese economists bear the brunt of the task of enriching their theories for roughly three reasons. First, Marx's theory of political economics was a critique of capitalism rather than detailed discussion of socialism.

Secondly, China, now having state-run enterprises, collective businesses, private firms, individual operations, joint ventures with foreign capital, and industries with 100 percent foreign investment, is actually a very complicated economic system. The research of economic must be compatible with the Chinese realities.

Thirdly, by opening its door to the rest of the world, China is at the same time faced with the challenge of the world market.

A series of articles in the newspaper ECONOMIC INFORMATION, written by Liao Xun, director of the Institute of Quantitative Economics, said today's Marxists had two alternatives, to "introduce concepts like commodity, money, and market into studies of the socialist system," or "retreat to utopian communism," in fact a dead end.

The writer noted that creative Marxist thinkers all choose the first alternative, that is, to move towards what Marx called "free men's association" or, in his words, a socialist system with high level of democracy.

In literary criticism, Liu Zaifu, director of the Institute of Literature under the Chinese academy of Social Sciences, has become the center of an argument.

Liu believes literary criticism should focus on what he calls "aesthetic characteristics" rather than mere politics. His opponents say, however, that the essence of literature and art would be "incomprehensible" if they are not related to politics and major events.

#### RENMIN RIBAO ON 'HUNDRED SCHOOLS OF THOUGHT' IDEA

HK150231 Beijing RENMIN RIBAO in Chinese 2 May 86 p 5

[Article by Li Peishan and Huang Shune: "Contention Among a Hundred Schools of Thought is the Only Road to Scientific Development -- A Talk Commencing With the Qingdao Forum on Genetics Held 30 Years Ago" -- capitalized passages published in boldface]

[Text] It is fully 30 years since the CPC Central Committee put forth the principle of "letting a hundred flowers bloom and a hundred schools of thought contend."



The Qingdao forum on genetics in August 1956 was regarded by academic circles as an example of implementing the principle of "letting a hundred schools of thought contend." Reviewing today the 30 years of twists and turns that our country's genetics has undergone, in light of which the principle of "letting a hundred schools of thought contend" was formulated, will enable us to more clearly realize the tremendous influence of the principle of "letting a hundred schools of thought contend" on our scientific development and academic prosperity and also to clarify the great difficulty in implementing this principle.

In the early 1950's, in our country's genetic circles, Ivan V. Michurin's position on genetics represented by Trofim Lysenko was accepted while modern genetics represented by Gregor Mendel and Thomas H. Morgan which had been accepted for half a century in the world was criticized and entirely negated. This was a typical case of copying Soviet errors in implementing in an all-round manner the principle of learning from the Soviet Union in the initial period after the founding of the PRC. In the mid 1930's, Lysenko began to criticize the Morgan school in the Soviet Union and gradually gained ascendancy in Soviet agricultural science circles. In August 1948 at a meeting of the Soviet Union's Lenin Academy of Agriculture Science, the CPSU Central Committee and Stalin came out to give political conclusions respectively to the two schools and thus brought the criticism to a "climax." The Morgan school was formally branded with political labels such as "bourgeois," "reactionary," "idealist," "metaphysical," and "fake science" and was publicly criticized in the press and journals. Lectures, study, and publication of Morgan's genetic theories were forbidden and the genetic and other experts who held the views of the Morgan school were dismissed from administrative and academic leading posts. The Lysenko school was defined as a "proletariat," "progressive," "dialectical materialist," and "reality-linked" school and was supported by diverse administrative means. Thus, after the 1948 August meeting ended, the Lysenko school's monopoly in Soviet genetic circles was established. In the early 1950's, the viewpoints of the Lysenko school and the Soviet practice soon spread to our country. In the ideological remolding campaign that was carried out among intellectuals in 1952, in many areas in our country, the Soviet practice was followed and mass criticism was carried out against the scholars who held the views of the Morgan school, who were then branded with various political labels. We prohibited the lectures, experiments, and publication of works about Morgan's genetic theories and the branches of science related to it and organized a nation-wide study of the Lysenko school's Michurinism. We continued that practice until 1956.

In 1956, there were tremendous changes in Soviet genetics circles. In February 1956, Nikita S. Khrushchev gave a secret speech against Stalin's personality cult and Lysenko was forced to resign from his post as president of the Lenin Academy of Agriculture Science of the Soviet Union. This provided the political support for criticism against Lysenko's academic views, his attitude toward science, and his despotic work style, a criticism which began in 1952. After this, for a time, there was a lively situation in Soviet biological circles.

In the spring of 1956, Comrade Mao Zedong gave his speech entitled "On the Ten Major Relationships" about the readjustment of our country's various policies. At the same time, he put forth the fundamental principle for the development of art and science -- the principle of "letting a hundred flowers bloom and a hundred schools of thought contend." Soon afterward, Comrade Zhou Enlai relayed to the departments concerned Comrade Mao Zedong's speech on "letting a hundred flowers bloom and a hundred schools of thought contend." On 26 May, Lu Dingyi, director of the CPC Central Committee propaganda Department, gave a speech on "letting a hundred flowers bloom and a hundred schools of thought contend."

All the above-mentioned speeches pointed out some problems that had cropped up in the course of our country's learning from the Soviet Union and also pointed out Soviet mistakes in dealing with the Lushan incident. They spoke highly of the academic prosperity in our country's Spring and Autumn and Warring States Periods and in Western Europe's Renaissance. They all opposed the practice of branding people with political labels in academic debate and the despotic work style of one school suppressing all other schools. The speeches of Central leaders covered far more issues than those related to genetics, including the issues concerning the relationship between Chinese traditional medical science and Western medical science, and issues related to philosophy and social sciences.

At that time, the science office of the CPC Central Committee Propaganda Department, the Chinese Academy of Sciences, and the Ministry of Higher Education followed the instructions of central leading comrades and started to study problems related to the teaching of and research into genetics and the steps to actually implement the principle of "letting a hundred schools of thought contend" in our country's genetic circles. They decided that in August 1956, the Chinese Academy of Sciences and the Ministry of Higher Education would jointly hold a forum on genetics in Qingdao. At the opening session of the Qingdao forum, Yu Guanyuan, who was then chief of the Science Office of the CPC Central Committee Propaganda Department, relayed to the forum the policies of the committee. All the major scholars of the two schools of genetics and the science branches related to it in our country attended the forum. They all cited facts, presented arguments, aired their views freely, and thus broke the previous monopoly held by one school. The forum made a conclusion on academic issues. It only affirmed the opinion that equal opportunities should be given to all the various schools concerning their work of teaching and research and the publication of their works, and requested the departments concerned to make corresponding arrangements.

From the spring of 1956 to that of 1957, there was prosperity and vitality in all academic spheres in our country. Quite a few scholars began to publish articles to expound on their own academic views not only on genetics, but also on various branches of natural sciences and even some branches of social sciences such as philosophy, history, economics, and sociology. The principle of "letting a hundred schools of thought contend" began to display its power. The initiative of the vast number of scientific workers was brought into play and they dared to adhere to scientific truth and think independently, and a situation of free research began to emerge.

However, the implementation of the principle of "letting a hundred schools of thought contend" was by no means plain sailing. After 1956, political movements that "criticized the bourgeoisie" emerged one after another in our country. They naturally also had their impact in the sphere of genetics. However, we soon overcame the relapses that emerged for a time, under the influence of the Qingdao forum. In our social sciences sectors, because of the direct influence of the principle of "regarding class struggle as the key link," during the 10 years before 1966, a lively situation like that of 1956 never emerged. During the 10 years of turmoil after 1966, scientific work was mainly at a standstill. It was not until 1978 after the fall of the "gang of four" that we put an end to that situation of confusion once and for all.

In about 20 of the past 30 years, there was serious interference by the "leftist" mistakes in the fields of both our natural and social sciences and there was great resistance to the implementation of the principle of "letting a hundred schools of thought contend." A review of the history of that period starting from summing up the experience of the Qingdao forum on genetics will enable us to get the following understanding of the nature of objective laws.

WE SHOULD PROPERLY AND SATISFACTORILY HANDLE THE RELATIONSHIP BETWEEN POLITICS AND SCIENCE AND RESOLUTELY OPPOSE THE PRACTICE OF USING POLITICAL FORCE AND ADMINISTRATIVE MEANS TO INTERFERE WITH THE DEBATES OF THE ACADEMIC VIEWS OF DIFFERENT SCHOOLS, SUCH AS THE PRACTICE OF FORCING PEOPLE TO ACCEPT A CERTAIN SCHOOL'S VIEWPOINTS, OF BRANDING PEOPLE HOLDING DIFFERENT ACADEMIC VIEWS WITH POLITICAL LABELS, AND OF DEPRIVING PEOPLE OF THE RIGHTS TO TEACH, CARRY OUT RESEARCH AND PUBLISH THEIR WORKS. This is the fundamental experience of the Qingdao forum on genetics. The results of using political force and administrative means should of course be removed by political force and administrative means, but academic rights and wrongs themselves involve large spheres of knowledge; therefore, they can only be solved by the academic circles themselves through their research, practice, and academic discussion as the Qingdao forum did. In other words, they should be solved through the implementation of the principle of "letting a hundred schools of thought contend" and our party and government organizations cannot and should not give conclusions on academic matters. Even if the party or government leader himself is a scientist (this will become increasingly common in the future), his academic views should only be regarded as the views of a scientist in academic discussion and we should not judge a scientist's views by his political position or his fame. It is necessary for some technological achievements to be checked by the state, but the government mainly plays the role of organizing specialists to evaluate the technology according to scientific procedures and the conclusions remain to be made by scientific and technological experts themselves.

In the world at present, science and technology is crucial in developing the economy, strengthening national defense and improving the people's material, cultural, and spiritual living standards; therefore, the leaders of various countries, in particular developed countries, attach unprecedentedly great importance to science and technology. Politics and science and technology have become increasingly closely related and "relying on science and technology" has already become one of the foundations of our country's economic policies. Our government departments have increasingly intensified their administration over scientific work. The quality of this administration is vital to the question of whether our science and technology will be able to develop smoothly. The experience of many countries has proved that in formulating policies on science and technology and adopting administrative measures, it is necessary to adopt a prudent attitude, fully solicit all kinds of different opinions from scientists, carefully consider whether these policies and measures are conducive to the accumulation of knowledge and prosperity of science and thus enable them to facilitate social and economic development and human progress.

THERE MUST BE ACADEMIC FREEDOM IN ORDER TO IMPLEMENT THE PRINCIPLE OF "LETTING A HUNDRED SCHOOLS OF THOUGHT CONTEND." This is a law that the experience of the Qingdao forum on genetics has fully proved. In the speech "letting a hundred flowers bloom and a hundred schools of thought contend" that Comrade Lu Dingyi made in 1956, he clearly pointed out: "The principle of 'letting a hundred flowers bloom and a hundred schools of thought contend' that we upheld means that we advocate freedom of independent thinking in our literary and art and scientific research work, freedom to debate and freedom of literary and art creation and criticism." These pertinent words have been laid aside for over 20 years and we feel very moved when we read them again today. Precisely because the Qingdao forum on genetics actually implemented this principle of "letting a hundred schools of thought contend," it achieved substantial results. In fact, the passage cited above was precisely put forth in the light of the characteristics of our scientific work itself. If we fail to do so, we will not be able to develop our science.



As scientific research is a kind of creative labor, only in an environment where people can consider and probe things freely and carry out free discussion can it be easier to continue to score achievements and push forward the development of science and then promote the development of the whole society. Whenever people's minds were fettered, both science and society bogged down. It is a pity that we have as yet failed to really understand the historical experience and lessons gained from our work in handling the problems related to genetics. During the 10 years of turmoil, the above words of Comrade Lu Dingyi's were criticized as advocacy of "bourgeois liberalization."

WE SHOULD ADOPT A CORRECT ATTITUDE TOWARD FOREIGN SCIENCE AND TECHNOLOGY AND SHOULD NOT BLINDLY ACCEPT OR REPUDIATE THE SCIENCE AND TECHNOLOGY OF ANY FOREIGN COUNTRY. This is a fundamental principle that the Qingdao forum on genetics has clarified. Science is international in nature and is the common wealth of the whole human race. If it is not restricted by different natural conditions and as long as the level of economic and cultural development allows, all science and technology can be developed in all countries, capitalist or socialist, or having white, yellow, or black people, through the independent efforts of the scientific and technological workers of the countries or through international exchange. The history of the development of science proves that the development of any branch of sciences is the result of the continuous joint efforts of the scholars of many countries and nations. Although some developed countries have adopted some measures to keep their technology secret, these measures can play their role for a limited time only. Generally speaking, the advanced technology of one country will sooner or later be mastered by other countries. For an underdeveloped country or region, selecting and importing the technology applicable for it is an effective way to speed up its own development.

IN ORDER TO ATTAIN THE GOAL OF DEVELOPING OUR SCIENCE THROUGH THE IMPLEMENTATION OF THE PRINCIPLE OF "LETTING A HUNDRED SCHOOLS OF THOUGHT CONTEND," WE MUST CARRY OUT ACADEMIC DISCUSSIONS AMONG VARIOUS SCHOOLS ON THE BASIS OF ADEQUATE SCIENTIFIC RESEARCH. From their debate, the scientists who attended the Qingdao forum fully realized this. This is an important realization. For only genuine scientific research achievements have the convincing force to make other people tell what is true from what is false. Often, it takes several years, decades, or even a century to get a correct conclusion on one of the many questions on which there is contention the history of science. At the beginning, our limited data or materials were favorable to a certain theory, but a few years later, the new data or materials discovered along with the development of science favored another theory. Through a period of further research, it was possible for the two theories to supplement each other and thus develop into a more refined theory. This was the case in the establishment of the theory on the dual nature of light being both a wave and particles in the field of physics. At the beginning of some contentions, people only saw some superficial phenomena, but failed to grasp the essence; therefore, they put forth some erroneous theories. Through repeated discussions, it was finally possible to refute erroneous theories with undeniable scientific facts and thus establish correct theories. For example, in the field of biology, there have been several contentions centered on the erroneous theory of spontaneous generation. Therefore, when no consensus can be reached after the contention between different academic views or theories, we should allow people to reserve their views and continue their research. When our research work has made new progress, there will be an improvement in our contention and people will gradually hold identical views.

In short, in our scientific research, it is necessary to allow a hundred schools of thought to contend; while the contention between a hundred schools of thought must be based on scientific research. Only when the two supplement each other can they push forward the development of science.

THE DEVELOPMENT OF PHILOSOPHY NEEDS SCIENCE AND THE DEVELOPMENT OF SCIENCE NEEDS PHILOSOPHY. WE SHOULD NOT REGARD THE CATEGORIES IN PHILOSOPHY AS LABELS AND ALLOW PHILOSOPHY TO ERRONEOUSLY INTERFERE IN OUR SCIENCE. Science and philosophy are closely related. This has been fully proved by the history of science and philosophy. The history of the development of the Marxist philosophy has also fully proved this. The development of philosophy needs science. Many great philosophers attached very great importance to studying science and understanding new achievements in science, and paid attention to having contacts with scientists and discussing with them philosophical issues in science and the philosophical significance of major achievements in science. Engels' "Natural Dialectics" sets an example in this sphere. The development of science also needs philosophy. Some great scientists attached great importance to improving their knowledge about philosophy, and discussed with them the scientific and philosophical issues that both the scientists and philosophers were interested in. Albert Einstein was a typical example of such scientists. Exchanges between scientists and philosophers have not only promoted the development of both science and philosophy, but have also given rise to an interlapping science -- natural dialectics, which is called "a philosophy for science" in the West. A Marxist philosophical worker should learn from the experience of his predecessors, particularly Engels' experience, in order to develop Marxist natural dialectics. The setbacks that our genetic circles experienced were precisely the consequence of our deviation from these requirements. For example, we regarded categories in philosophy as labels and branded each scientific issue with one, or some, of these labels. As a result, we gave the genetic theory of the Morgan school the labels of "idealism" and "metaphysics," while giving the Michurinist genetics of the Lusenko school the label of "dialectic materialism." As the Lusenko incident took place in the Soviet Union, it misled quite a few Marxists, in particular the Marxists in socialist countries, and made them follow this mistaken line for a certain period. As a result, it hindered the development of science and also harmed the reputation of Marxist philosophy in the scientific circles. At the same time, it also hindered the development of Marxist philosophy itself. The Qingdao forum on genetics opposed the practice of branding philosophical labels and also criticized the erroneous philosophical proposition that "fortunity is the enemy of science." By so doing, it enable genetics to be free from the interference from philosophy, started genuine free discussion, and began to establish normal relationships between genetics and philosophy. All these were entirely necessary. We now think that this understanding is of universal significance.

WE MUST CORRECTLY UNDERSTAND THE RELATIONSHIPS BETWEEN THE IMPLEMENTATION OF THE PRINCIPLE OF "LETTING A HUNDRED SCHOOLS OF THOUGHT CONTEND" AND ADHERENCE TO THE PARTY'S LEADERSHIP, AND ABANDON THE ERRONEOUS VIEW THAT REGARDS THE IMPLEMENTATION OF THE PRINCIPLE AS ABANDONING THE PARTY'S LEADERSHIP. Both the Qingdao forum on genetics 30 years ago and the experience that we have gained in scientific fields in the 30 years since fully prove that in order to really implement the principle of "letting a hundred schools of thought contend," and in order to keep this path we must follow in developing our science clear, it is particularly necessary to clarify an erroneous view that the implementation of the principle of "letting a hundred schools of thought contend" means abandoning and even eliminating the party's leadership. In fact, this principle itself is a principle and policy of the party.

Like any other principle or policy of the party, it can only be implemented through the hard efforts of the whole party. Implementing the principle of "letting a hundred schools of thought contend" is precisely adhering to the party's leadership while failing to conscientiously implement this principle precisely means abandoning the party's leadership. In order to ensure that academic contention is carried out normally, in order to draw a clear demarcation line between political and academic matters, and in order to avoid repetition of the simplistic mistakes of acting as chief judges on academic issues and applying political labels indiscriminately, our party organizations at various levels should do lots of work. All this work, including making investigation and study, publicizing policies, having heart-to-heart talks with and doing ideological work among scientists, and formulating the specific measures for the implementation of the policies, embodies the party's leadership role. The situation at and after the Qingdao forum clearly proved that without the correct leadership of the CPC Central Committee and without all of the arduous and painstaking work done by the party organizations at various levels, it was impossible to smoothly implement the principle of "letting a hundred schools of thought contend."

Today, our country has entered an new period of building a highly civilized and highly democratic modern socialist country; therefore, we will never allow any repetition of the erroneous practice that we allowed in the past in conducting political criticism against the genetics of the Morgan school. However, in all sciences, including genetics, there will always be differences in academic views. This is a normal phenomenon in our academic circles. Therefore, reviewing the twists and turns that our country's genetic circles have gone through since the 1950's and summing up the experience of the Qingdao forum on genetics, in particular the positive and negative experience and lessons gained in the 30 years since the principle of "letting a hundred schools of thought contend," in order to clarify some understanding of the laws is not only valuable for the research into China's modern history of science, but also of great practical significance in promoting the continuous implementation of this principle and facilitating the continuous and healthy development of science in our country.

Editor's note: The book "Letting a Hundred Schools of Thought Contend -- the Only Road to Scientific Development (Minutes of the Qingdao Forum on Genetics in August 1956)" has already been published by Commercial Press.)

#### COMMENTARY ON DEVELOPMENT OF TALENTED PEOPLE

HK100706 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 1128 GMT 7 May 86

[Commentary by Hao Si: "China Should Attach Greater Importance to Its Own Talented People"]

[Text] Hong Kong, 7 May (ZHONGGUO TONGXUN SHE) -- Yesterday, while speaking to Goh Keng Swee, economic adviser on China's coastal development and former Singapore deputy prime minister, CPC leader Hu Yaobang remarked that China would introduce talented people from abroad and stressed that this was China's strategic policy.

China deeply feels that professional personnel have been in great demand since it started the modernization drive and began to implement the policy of opening up to the outside world. Therefore, China has opened its door wide to welcome foreign and Overseas Chinese experts to give lectures and make exchanges, or to engage foreign economic experts as managers for or advisers in some enterprises. Goh keng Swee is one of them.



In fact, China also has quite a number of talented people. But as Hu Yaobang said, China's own talented people have a limited understanding of the present world; therefore China has to introduce talented people from abroad and to learn from foreign experts and economists. Goh Keng Swee added that China's economic managerial personnel should have a good knowledge of both the domestic economic development law, economic development in foreign countries, and the international market. Therefore, China can compensate for the shortage of talented people by introducing talented people from abroad. This will enable domestic talented people to get information about foreign countries and to improve their professional knowledge and level. This is undoubtedly a correct policy.

The scope of introducing foreign talented people is, after all, limited. In such a vast expanse of territory, China cannot hire foreign experts and advisers for every province, city, and enterprise. Efforts should be concentrated on turning out more talented people of its own. Hu Yaobang said: Over the past few years, we have promoted some capable people who are better educated to leadership positions. In the course of training and using its own talented people, China introduces talented people from abroad.

Since Deng Xiaoping came to power, China has attached greater importance to the use of knowledge and talented people. However, the habit of looking down upon intellectuals and experts still exists. Now very few people dare openly reproach intellectuals, but sometimes we still hear that some people squeeze out intellectuals. Not long ago, a factory director in a province who concentrated on reforms and made some achievements was fired. This is probably not an isolated case.

In addition, some leading cadres "prefer the opinions of foreign experts to those of domestic experts." Sometimes they ignore the suggestions repeatedly made by domestic experts but bow to the words of foreign experts. The practice of underestimating our own capabilities is really not good for developing the initiative of domestic experts.

Therefore, while introducing foreign talented people, China must pay attention to training and using its own talented people. The latter is more important than the former. While learning from foreign experts, it is necessary to listen to the opinions of domestic experts. On the question of how to treat talented people, we should neither belittle them nor have too high an opinion of them. Examination and correction must be made with regard to the errors in the course of implementing the policy on intellectuals, so as to provide an excellent working environment and conditions for intellectuals.

#### SUPPORT FOR REFORMERS IN ENTERPRISES URGED

HK141524 [Editorial Report] Beijing Domestic Television Service in Mandarin on 13 May, during its 1000 GMT newscast, broadcasts Liaoning Television Station's 1-minute film clip of the party committee of the Shenyang City Metallurgical Industry Corporation "enthusiastically" helping its Shenyang Steel Sheet Factory director solve "last year's" reform problems. This is followed by a 1-minute announcer-read China Central Television Station "editor's note," which praises the Shenyang corporation, gives a general picture of enterprise reformers' problems "in some localities," and calls for helping such reformers solve problems.

The Liaoning Television Station's undated filmed report, filed by station reporter (Shi Lianwen), depicts "some people blaming" the Shenyang factory director's reforms in the leadership and personnel systems for causing "the fall in the factory's economic returns since the beginning of last year." The reporter states that according to a "thorough investigation" conducted by the Metallurgical Industry Corporation, the "main cause" of the fall was due to the increase in the prices of raw and processed materials. The report does not give details of any other causes. The filmed report then depicts the corporation helping its steel sheet factory produce "new products." As a result, "the factory netted a profit of more than 1.7 million yuan at the end of last year."

After the film clip, the announcer reads the following China Central Television Station "editor's note" calling for helping enterprise reformers solve problems:

"The Shenyang City Metallurgical [Industry] Corporation's support for the advanced reformers is praiseworthy. Some localities have for a period of time seized on advanced reformers' shortcomings in work, wantonly exaggerated such shortcomings, and described reformers as being devoid of any merit. As a result, some advanced reformers cannot work and are unable to stop working even though they want to [yu ba bu neng]; and some enterprises, which once were prosperous, are now in the red. Why is it that advanced reformers have been attacked? The basic reason is that reforms have expanded the power of enterprises. Some people just cannot get used to this and always want to regain the power. The other reason is that some are jealous of other people's talent. No gold is pure, and no man is perfect. Shortcomings and errors are unavoidable when progressives carry out work. The question is: How are we to approach shortcomings and errors? The Shenyang City Metallurgical Industry Corporation has affirmed the reformers' achievements and has pointed out their shortcomings. The corporation has also helped them solve problems. This truly is the correct approach. And only by so doing can we successfully carry out our country's reforms."

#### ECONOMIST XU DIXIN INTERVIEWED ON REFORMS

HK140401 Guangzhou KAIFANG in Chinese No 4, 8 Apr 86 pp 5-8

[Article by special correspondent Zhang Shengyou: "Persevere in Opening Up, Stimulate Reforms -- Interview With Well-Known Economist Xu Dixin"]

[Text] Early this spring, this reporter interviewed Xu Dixin, the well-known economist at his residence in Nansagou, Xijiao, Beijing. The revered Xu was in his eighties, his sideburns all gone white. But still he looked very healthy, and his broad and bulging brow indicated a very learned man. True, devoting his whole life to the study of economics, the revered Xu has written a long list of books in this field. Entrusted by the magazine KAIFANG, this reporter made a special trip to Beijing, soliciting his views on "opening up and reforms."

Starting From the Overall and Long-term Interests of Socialism, Opening Up to the Outside World Is Inevitable

"It won't do to close the country to international intercourse if China is to go in for socialist modernization. Because in every period, the world's industrial indexes are always rising, and the world-conscious economic market is always changing. China is such a big country, if it should conduct construction with its door closed, it would certainly become backward."

When this reporter told him about his aim of the interview, the revered Xu instantly became excited, and said: "A few years back, when the Central Committee proposed the implementation of the economic principles "opening up to the outside world, making the domestic economy lively," many people failed to have a good grasp of the principle, and had different views on the opening-up policy. But why should they have failed to figure out the need of the principle? On two grounds: first, after the founding of the PRC, we confiscated bureaucrat capital in the 1950s; later, we implemented socialist transformation of capitalist industrial and commercial enterprises, when enterprises of foreign capital were also gradually dealt with. We can say that all things capitalist were swept out of China. But now, we are to invite foreign capital in, and some people have failed to recognize the need for it. For the revolution, we communists feared no bloodshed and death. Many comrades sacrificed their lives to the cause of overthrowing the three big mountains that weighed down on the Chinese people. Now after all those efforts and sacrifices, foreign capital is again invited in. It's just natural that some old comrades in particular cannot figure out the need. And second, some comrades are worrying that once the policy is implemented with the doors wide opened, foreign capitalist ideas will swarm in, having an effect on the social atmosphere, ideology and moral concepts. I believe it's just that, and nothing else!"

How should we regard those differences in understanding? According to the revered Xu, even if this is making one step backward, it aims to make two steps forward. Because, if all things capitalist are swept out, with the door shut tight, you'll find it difficult to get by without those things you lack. Moreover, we lag behind other nations, with a poorer foundation. China has not much of a foundation to speak of, being a semi-colonial and semi-feudal society in the past. If we should start from scratch in everything, we would lose much time. As to the erosion and effects of bourgeois ideology, do they exist? Well, yes, this we must admit. In fact, opening up aims to make use of foreign advanced technologies and funds, and to develop those comparatively backward and weak departments in our special economic zones and open cities. Starting from the overall and long-term interests of socialism, and making the four modernizations faster and better, opening up to the outside world is inevitable.

Import Is Bilateral; To Make Foreign Technologies Ours, We Must Upgrade Our Own technological Level as Quickly as Possible

Opening-up is inspecting and learning knowledge on a worldwide scale. Through opening up, foreign advanced technologies can be imported to China. But how? Revered Xu made the following remark: "Import is bilateral. To capitalist countries, China is one big market; China has a population of 1 billion, and it is the largest consumer market in the world. They want to market huge volumes of their commodities in China. However, our aim is not for them to market their commodities, but to allow the import of their technologies and funds. Of course, those commodities which we need and lack may be imported." According to the revered Xu, those foreign businessmen who have come to do business with China are trying their best to sell more of their commodities to China, which is the greatest contradiction in importing foreign funds and technologies. We can't say that this contradiction is beyond solution. Many projects under negotiation have been rather successful.

Xu continued, there is a question that concerns us ourselves in opening up and importing technologies; namely, the question of digesting, transforming and upgrading in order to make foreign technologies our own. And the first problem arising is whether we have knowledge of the technology concerned and whether we are capable of using it.



The technical level of our workers, technicians and engineers, not referring to all of them, is not so high. For example, in some factories, those machines imported have been lying idle. People do not know how to handle them, and the machines broke down the moment they were put to use because they were wrongly handled. In the end, in importing technology and foreign capital, we often have to invite foreign engineers to China with the technology, and even the capitalists to help in management. Under such circumstances, we can come under their control, be easily tied down, and land in a passive position.

The revered Xu said: "To do a good job in opening up and importing technologies, China's self-reliance as well as the ever-strengthening of the socialist national economy must be ensured in the course of import. Otherwise, we'll end in relying on others."

The Key Lies in Upgrading Quality if SEZ [special economic zone] Products Are To Occupy a Place in the Overseas Market; It Is Most Essential To Place Cadres Who Know the Ropes at Leading Posts of Enterprises

The revered Xu attaches great importance to investigation and research. In recent years, he has been to some open cities and the several SEZs such as Guangzhou, Shenzhen, Zhuhai, Shantou and Xiamen, and has been to some of those places on several occasions. He said: "Some of the SEZs seem to be quite busy on the outside. The roads are made very beautiful as well as the buildings. This is quite good, and necessary. But why have they built all those roads and houses? It is to turn the SEZs into the 'four windows,' to turn out more export products so as to earn more foreign exchange." In his opinion, Shekou has done a rather good job in this respect. The factories are not so large in scale, but have provided more products for export.

According to Xu, we will bring in greater tax revenue and earn more foreign exchange for the state through export. Regarding the whole country, nothing can be done without foreign exchange if economy is to be developed. You'll have to import technologies, and to purchase foreign blueprints and new equipment for our use in blazing new trails. No foreign exchange, no go! Therefore, export is imperative, and it must be expanded. However, most of our exports at present are primary products. They are either raw materials or semi-finished products, but not finished products. They are not competitive, and are largely cheap stuff. This has much to do with the production level. A low production level always lags behind others.

Citing an example, Xu says: "I have been to the United States on several occasions. And I made a special trip to their department stores. I just could not find any of our China-made commodities. This is because our exports are mostly primary products. With some processing, our primary products have become their finished products. Take garments, they should be counted as finished products. But they, too, are very backward, in very poor fashion. So they were placed in some inconspicuous corner. And I felt badly seeing them lying there!"

Why is it that when a large number of the leading members and technicians of our factories and enterprises have been sent abroad with huge sums of money spent, the result has not been very satisfactory, with some ordinary, low-level technical problems remaining unsolved? The revered Xu pointed out sharply: "This concerns the level of those who have been sent abroad. It seems that going abroad has become some kind of political treatment.

"If someone belongs to the leadership and has a long standing, he has to be sent abroad. This is catastrophic. What's the good of it if he went, knowing nothing about what he saw abroad, doing nothing beneficial to production when he returns. It doesn't mean that we want the door closed, and to stop sending people abroad, but appropriate people should be picked and sent, and they should do something helpful to production when they return. We are not sending people abroad on a sightseeing tour. To inspect and study foreign advanced technologies and others' advantages, one must first possess certain background in science and technology."

"On the other hand, some of our comrades attach importance to output, and output value only, but not technical transformation and product quality. Some factories in China believe their products are "princesses, who know no worry about marriages." True, China has a large population as well as a large consumer market; and the domestic marketability of their products has never been a problem. But when their products are sent to the overseas market, they stop being 'princesses.' This is chiefly because the leading members of some factories are laymen themselves, they have a low level in management, knowing practically nothing about blueprints and the use of advanced machines. Therefore, the replacement of cadres under way is very important. Those cadres who are laymen should be replaced by some qualified specialized people who are educated and know the ropes!"

The revered Xu continued, three capitalist countries stand out rather conspicuously in the world today. The United States is one, it was the victorious nation in World War II, out of which it made a fortune. This is universally known. However, West Germany and Japan were vanquished nations in the war. Their factories were reduced to ruins in bombardment, and their machines were taken away. A great grandson of Engels's visited China in 1983, and I asked him: "How were things in Germany in 1945?" And he said: "Disastrous enough! Both our oil resources and coalmines were taken over. Factories were ruined. There was no steamheat that winter, and people shivered in cold. They had to live on what little relief provided by the U.S. Army. However, we still had two things left: first, a large number of engineers and technicians who knew the ropes about technology; and second, a large number of people who had a good knowledge of economics and management. Relying on these two things, we got by that winter. Then, factories were reopened on the ruins; but soon production came up." As a result, the German economy revived after 5 years of hard work. And what about Japan? When we were children, we know Japanese goods were of inferior quality. And people would speak of them in contempt: "Japanese goods are good to look at, but they do not work." After Japan's defeat in the war, the Japanese worked hard with a will. In the 1960s in particular, they gave priority to product quality, with the government taking a good grasp of it. Emulation in product quality was held on an annual basis, and made a system. Japanese economy has taken off on the basis of quality upgrading.

The Key to the Success of Opening Up Lies in Strengthening Foreign Affairs Discipline and Enforcing the Law.

On the evaluation of the practice of opening up to the outside world in recent years, the revered Xu says: "The policy of opening up has been carried out for several years, and the following aspects have been successful: closer foreign relations, and a better understanding of the economic situation of various nations and the world market. We have done some business and imported some technologies."

"However, in the course of implementing the policy of opening up, many problems exist in the import of technologies and funds, enterprise management, our relations with foreigners as well as our ideological style, of which, the most important one is our being laymen, not knowing the ropes; and we have been hooked in some cases."

The revered Xu pointed out, in foreign relations and conducting talks involving foreign economic relations, we must first focus on the position and interest of the state. If those people involved in negotiation should commit corruption and graft, injure the national interests, and make the state lose face, I believe, they should be severely dealt with according to the law. Those who should violate the law economically, including smuggling and speculating in foreign exchange, should all be severely dealt with; otherwise it would become a capitalist economy, and not a socialist economy. That is the crux of being successful in opening up.

Here, the revered Xu became very angry: "If those cadres who negotiate in foreign economic relations should fatten their own pockets at the expense of the state, selling out national interests, they would become compradors; and they should not be regarded as Chinese nationals, not to mention communists! This is a political problem as well as an economic one. The problem of style, the problem of special privilege is terrible! Whether the national interests or the individual interests the long-term interests or the immediate interests are more important is the basic difference between socialist economy and capitalist economy. Therefore, doing a good job of the opening-up policy is by no means isolated, political and ideological work, economic measures, the legal system and laws and decrees should start working together to make a success of opening up."

#### Two Problems That Should Never Be Neglected in the Reform of the Economic Structure: Population and Ecological Economics

Steady progress has been made in China's reform of the economic structure. According to the revered Xu, there are two conspicuous problems that must call for complete attention by the relevant leading departments.

One is the population problem. Xu says: "The difficulty facing us is that production growth has failed to keep abreast with population growth. Although we have implemented planned parenthood in controlling the population, more than 10 million are given birth on an annual basis. Because a population of 1 billion is quite a base, a birth rate of 12 per thousand can create some problems. Problems such as food, clothing, schooling and employment all stem from too fast a population growth. I am doing some study on the population. The pressure on social consumption will remain great if the population should continue to grow at a fast rate; and social accumulation will be greatly limited with consumption fund staying high. China is facing the pressure from three aspects: first, a large population; second, a soaring consumption fund, which is also a pressure on the market, with demand far exceeding supply; and third, too long a line of capital construction, with capital construction outside the plan also expanding."

And second, the problem of ecological economics. The revered Xu says: "Reform of the economic structure in cities is a very complicated question. It involves not only some areas, but all respects, with the economic base and ideology both affected."



In the reform of the economic structure in cities, production must be developed, but by-products such as waste gas, waste water, and industrial residue are often neglected, which is another aspect of environmental pollution."

Xu cited the following example. When coal is burned in a factory, huge volumes of sulfur dioxide and carbon dioxide are emitted from the chimney and rise up into the sky. When meeting vapor in the sky, they turn into acid rain, which is terrible. Today, the water from Shanghai to the middle reaches of the Chang Jiang river valleys, the Dadu He, and Guilin, Guangxi is polluted. The acid rain erodes such metals as iron, and has very bad effects on people and livestock. Farms crops and trees will stop bearing fruit once caught in the acid rain. Sulfur dioxide causes cancer too, it's terrible.

Xu went on to say: "The positive side of material production is yielding material wealth such as cloth, iron and steel, television sets and refrigerators; and its negative side is the simultaneous yielding of waste gas, waste water and industrial residue. This is the law of nature and natural science, independent of man's will. I don't think we have attached enough attention to the graveness of the problem. We pay attention to production only, seeking output and output value, going all out, but disregarding product quality, not to speak of ecological environment. What does it mean by economic results? The implication of economic results is allround.

A high output, a high output value, with more foreign exchange earned, a greater profit made, and more profit and taxes handed over to the state, which is certainly a good thing. But what about the product quality, and the treatment of the ecological environment? The question of ecological environment is a vital issue that concerns the future generations. I told the leading comrades of departments concerned: I think the aim of quadrupling the gross industrial and agricultural annual output value by the year 2000 will certainly be fulfilled. There's no problem to quadruple the output value of cotton yarn, iron and steel, and oil. But what if soil erosion, acid rain, and the acreage of desert quadruple, too, by the year 2000, and waste gas, waste water and industrial residue will also quadruple? That will be disastrous! I have just written a book, entitled 'Ecological Economics,' which will be soon published and circulated. I want to appeal to the society: When we are carrying out allround economic reform in the cities, we must attach great importance to the ecology and guard against environmental pollution. You reporters should help in the appeal."

In conclusion, the revered Xu says: "There are all kinds of gossip and even censure about opening up and reform in the society at present. These people have only seen some superficial phenomena. Dialectics tells us, nothing is absolutely good or absolutely bad in the world. Everything has two sides, and the key is how you deal with it. Things will be all right if you bring forward the positive side and keep the negative side under control. The wish to eliminate all side effects will never come true in our world. The Central Committee is bent on opening up and reform; there's no way out for our country otherwise, and the four modernizations won't come up!"

#### RENMIN RIBAO ON IMPROVING COOPERATIVE SYSTEM

HK150551 Beijing RENMIN RIBAO in Chinese 12 May 86 p 1

[Commentator's article: "The Demand for Perfecting and Developing the Cooperative System Should Be Made by the Peasants"]

[Text] By saying that where water flows a channel is formed, we mean that success will come only when conditions are ripe. This is a law.

In rural economic reform, putting the household-run economy into the orbit of the cooperative economy by establishing a new double management system characterized by the combination of centralized and separate operation is a process of flowing water forming a channel. Similarly, the improvement of the double management system and the development of economic cooperation and integration should follow the objective law of economic development and comply with the demands of the peasants. In this respect, it is necessary to implement the policy of allowing the peasants to make an independent choice.

The need to develop the commodity economy and productive forces necessitates the improvement and development of the cooperative system. Commodity production has freed millions upon millions of peasants from household and land confinement and has enabled them to build closer economic ties with people in other areas. Various forms of cooperation among the peasants in production and sales become more necessary following the development of commodity production, the specialization and socialization of the household-run economy, and the deepening of the peasants' economic ties with people in other areas. Economic cooperation and integration have helped produce better economic results than exclusive operation on a household basis. This is the basic factor for rural economic cooperation.

The development of China's commodity economy and productive forces in different regions and industries have different demands for developing economic cooperation and perfecting the cooperative system. Therefore, it is really necessary to respect the peasants' autonomy and choices. Economic cooperation in various forms and channels is a complicated development process. Deviation from the needs of producers will make it impossible to bring their initiative into play and to achieve excellent results. How to perfect the double management system, in what fields to cooperate, whom to cooperate with, when to cooperate, in what way to cooperate, and how large the scope and scale of cooperation will be -- these should be decided by the peasants themselves; on no account should cadres or other people decide for them.

In the past, we had such a lesson in selecting economic modes suited to the rural areas. One of the reasons was laying undue stress on leaders' choice and forcing on the masses the mode designated by leaders. Apart from this, political movements were introduced to guarantee implementation of the mode designated. This seriously dampened the initiative of the peasants in production and delayed the development of the commodity economy and productive forces. The peasants play a principal role in rural economic activities. Choices without their approval are lifeless. The correct way is to make the best use of the peasants' choices and to follow the principle of voluntary selection and mutual benefit.

In the past, many peasants endured untold sufferings as a result of being forced to mix with each other. As this still remains fresh in their memories, they are perturbed at the mention of the word "cooperation." To dispel the peasants' misgivings, it is necessary to apply a correct policy apart from just carrying out propaganda work. The basic purpose of perfecting the cooperative system and developing rural economic cooperation is to create a more favorable economic environment for the peasants to go in for commodity production and to improve the results of the household-run economy. In perfecting the cooperative system, we should proceed from the service trade. As the peasants have different demands for service trade, different forms of cooperation and integration will simultaneously exist.

We should not find a single solution for diverse problems, still less should we introduce political movements to popularize a method. Viewed from the present situation, an important reason why the peasants in some localities still have complaints and misgivings about rural economic cooperation is that the cadres in these localities are overanxious about the results of economic cooperation. This has, to a certain extent, run counter to the objective needs for economic development and to the wishes of the peasants. This matter is of major importance, and it is necessary to remind rural cadres that they should not take it lightly.

#### CHINA DAILY CITES OFFICIAL ON ECONOMIC CRIMES

HK150516 Beijing CHINA DAILY in English 15 May 86 p 1

[By staff reporter Liu Dizhong]

[Text] In the first three months of this year, procuratorates throughout the country investigated 11,000 economic crimes, 130 per cent more than in the same period last year. Of these, more than 3,800 were serious, an increase of 630 per cent.

The figures were released to CHINA DAILY in an interview yesterday with a senior official of the economic department under the Supreme People's Procuratorate.

The official said the crimes included embezzlement, bribery, smuggling, profiteering, swindling, evading taxes, trademark imitation and misappropriation of relief funds. Major economic crimes usually involved more than 10,000 yuan.

During the first quarter, the official said, the procuratorates ordered the arrest of 7,441 persons on charges of economic crime, an increase of 230 per cent.

More than 5,900 cases were completed, an increase of 85 per cent. Of them, 1,400 were serious cases, a 570 per cent increase.

As a result, the official added, more than 126 million yuan was retrieved, 1,000 per cent increase.

China's crackdown on economic crime, which began in July last year, has contributed to the smooth progress of economic construction and economic reform, the official said.

He noted that economic crimes, particularly major ones, have been increasing over the past two years and the number of party members, officials and children of high-ranking officials involved also has increased. They collaborate and take advantage of their positions, he said, noting that their crimes cause the most serious loss for the country.

Some economic crimes have also harmed the interests and health of consumers. Several persons reaped more than 300,000 yuan by selling fraudulent cooking oil in Anhui Province. The sale of fake tung oil resulted in the sinking of 19 fishing boats with a death toll of 33 persons in Zhejiang Province, the official said.

Although fighting economic crime is a long, arduous and complicated task, the official said the Supreme People's Procuratorate is determined "to smash the arrogance of economic criminals this year."



While prosecuting economic criminals remains the major task of the procuratorates this year, great efforts will also be made in ideological and economic fields to eliminate the causes of crime, he said.

This year, all the procuratorates should try to wind up all major economic crime cases uncovered in 1984 and in the first half of 1985. Meanwhile, stricter measures will be taken to uncover tax evasion and sale of fraudulent goods, both of which have tended to increase recently.

Special attention will also be paid to smuggling, embezzlement and the revealing of state economic secrets by government employees engaged in foreign trade, and to profiteering and swindling by a handful of lawless businessmen from Hong Kong and some foreign countries, he said.

#### FISHING MALPRACTICES, ENVIRONMENTAL DAMAGE CITED

HK121426 [Editorial Report] Beijing Domestic Television Service in Mandarin on 10 May, during its regular 1000 GMT newscast, broadcasts a Hubei Television Station's 1.5-minute film clip on Hubei Province's "aquatic resources and ecological equilibrium being seriously destroyed" by the province's fishing malpractices adopted "over the past few years." This is followed by an announcer-read China Central Television Station "editor's note" criticizing fishing malpractices in Hubei Province and "in other areas."

The Hubei Television Station's undated filmed report, filed by station report (Du Shaohua), depicts the following fishing malpractices "adopted by the great majority of the fishermen" in Hubei Province: "killing fish by electric shock, using mesh nets to catch fish, poisoning fish," and "using explosives to catch fish." After describing the malpractices as "killing the hen to get all its eggs," the reporter states: "Comrades of the Hubei Provincial Aquatic Products Department told this reporter that in the 1960's, the catch of fish from Hubei Province's rivers and lakes averaged 170 million jin (a year). However, last year's catch of fish only reached 60 million jin. They said that if things continue this way, Hubei, known as the province of 1,000 lakes, will have no fish to catch in a few years."

After the film clip, the announcer reads the following China Central Television Station "editor's note" criticizing fishing malpractices:

"Dear viewers, Hubei Province's reckless fishing practices, its reckless use of explosives to catch fish, and the damage it had done to fishery resources are phenomena that also occur in other areas. These practices violate the State Council's regulations regarding the protection of aquatic resources and aquatic breeding. The regulations strictly forbid using explosives to catch fish, poisoning fish, and indiscriminately killing fish by electric shock. However, over the past few years, some units' leaders have not paid great attention to such phenomena and have been weak in the administration. Some people have been entirely absorbed in making money and have not paid any attention to other things. As a result, the phenomena such as poisoning fish, using explosives to catch fish, and killing fish by electric shock tend to worsen with each passing day. If things go on like this, fish will be in short supply, our ecological equilibrium will be destroyed, and there will be no end of troubles for the future. The PRC fishery law will be put into effect on 1 July this year. The departments concerned must connect the implementation of the fishery law with publicizing the legal system and with conducting education in the legal system, and must adopt effective measures to resolutely check those phenomena such as reckless fishing practices, reckless use of explosives to catch fish, and poisoning fishery resources."

STATE COUNCIL APPOINTS NEW CONSULS GENERAL

OW141554 Beijing XINHUA Domestic Service in Chinese 1310 GMT 14 May 86

[Text] Beijing, 14 May (XINHUA) -- The State Council recently announced the appointments and dismissals of several Chinese envoys abroad.

Zhang Zhen [1728 7201] has been appointed consul general in Leningrad; Weng Fupei [5040 4395 1014] has been appointed consul general in Manchester; Ni Yaoli [0242 5069 4409] has been appointed consul general in Houston; and Tang Xingbo [3282 5281 0130] has been appointed consul general in New York.

Tang Xingbo [3282 5281 0130] has been relieved from his post as consul general in Houston, and Ji Linde [4764 4539 1795] has been relieved from his post as consul general in New York.

RENMIN RIBAO URGES OUTDOOR ACTIVITIES SAFETY

HK121002 Beijing RENMIN RIBAO in Chinese 6 May 86 p 1

[Commentator's article: "Spring Warning"]

[Text] People are usually bustling about during the Spring Festival when temple fairs are held, during the Lantern Festival, in March when it is most suitable for a walk in the country, and during the Double Ninth Festival. In the past few years we have maintained a political situation of stability and unity and our economy has become more prosperous every day. Consequently, recreational activities of the masses which are rich in national characteristics are also increasing. This is indeed gratifying.

What is worth noting is that these activities must be properly organized. Otherwise, tragedies may occur. During the Lantern Festival this year, for example, two painful accidents occurred: On 21 February, the Lantern Festival was celebrated in Jiangsu's Jiangdu County. Since the place was extremely crowded and people pushed and crowded each other, more than 20 people were killed or injured when they were trampled by others. Two days later, on 23 February, the Lantern Festival was celebrated at Zhejiang's Jinhua City, but the celebrations were not properly organized. Some 35 people were trampled to death and 33 were badly injured when a crowd rushed into the park.

Similar accidents also occurred in other localities. In addition, vehicles and vessels for these recreational activities are often overloaded. As a result, they may overturn or capsize, causing death or injuries to many people. Accidents of this kind have occurred one after another. It goes without saying that they bring damage and misery to the families of the victims.

What lessons should we draw from these unfortunate accidents? In organizing collective activities, large-scale mass activities in particular, all localities and departments must first of all pay attention to the safety of the masses. They should, for example, take into consideration the capacities of the sites, roads, vehicles, and vessels. They should also take into consideration unforeseen accidents and should make appropriate arrangements in advance for evacuating and rescuing people in case such accidents occur. They should postpone such activities if no appropriate safety precautions can be taken. This is the correct attitude we cadres should take and the duty we cadres should fulfill.

However, some comrades only think about how to organize recreational activities for the masses and overlook how to ensure the safety of the masses. A few localities and departments even care nothing about safety but only try to earn more money by selling more tickets. How then can accidents be avoided? When an accident occurs, some people say that this is because there was a "lack of experience." This may be one of the causes, but what they said is not completely true. We cannot and need not have personal experience in everything. It would be ridiculous to say that "experience" in accidents caused by a capsized vessel can be gained only after a vessel has capsized in our own locality. We have good reasons to ask this question: Do organizers of these recreational activities have a great sense of responsibility for the safety of the lives of the people? Should those who neglected their duties and were chiefly responsible for an accident be punished according to law and discipline?

Sima Xiangru, a man of letters of the Han Dynasty, said: "Those who have foresight can see approaching trouble, and those who are wise can avoid hidden danger. Troubles cannot be easily seen and we fall into them once we are careless." As a matter of fact, accidents like those mentioned above are by no means hidden or difficult to foresee. If leaders concerned really attach great importance to the safety of the lives of the people, it will not be difficult for them to "see approaching troubles" or to "avoid hidden danger" like "wise" people. Not long ago, another scenic spot, "Mutianyu Great Wall section," was opened to tourists, the Beijing Public Security Communications Administrative Bureau has told the public in good time: People who go to visit the place by car must apply for tourist permits. We should advocate the bureau's work style and work method of thinking of problems and taking preventive measures.

It is now the end of spring and the beginning of summer and the weather is fine. There are numerous people in scenic spots in various localities. In arranging and organizing sightseeing activities, leaders of departments and organizations concerned must give full consideration to safety. Bear in mind that anything involving human life is to be treated with utmost care and no negligence is permitted!

LIN BIAO, JIANG QING CITED TO DEFINE SUBVERSION

OW141329 Beijing Domestic Service in Mandarin 0245 GMT 13 May 86

[From the "legal system" program: "Common Knowledge on Criminal Law, No 50: What Is the 'Crime of Plotting To Subvert the Government?'" ]

[Excerpts] On 20 November 1980, the 10 major felons of the case of the Lin Biao and Jiang Qing counterrevolutionary cliques were brought to the historical tribunal and tried by the people. After examining the cases of the felons, and on the basis of Article 92 of China's Criminal Law, the special tribunal of the Supreme People's Court concluded that, with the exception of a few, all other felons in the case were guilty of the crime of plotting to subvert the government

The crime of plotting to subvert the government refers to plotting to overthrow the people's government and usurp state leadership.



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The term people's government here refers to the central people's government, which is the state's highest administrative organ, whose safety has a close bearing on the future and destiny of our country and the success or failure of our socialist cause. Plotting to subvert the people's government and usurp state leadership refers to subverting the people's government and usurping state leadership by means of counterrevolutionary violence. It also refers to plotting to use peaceful evolution to cause the people's government to degenerate, making it a tool of the dictatorship of landlords and the bourgeoisie, after part of the state leadership has been usurped.

The Lin Biao counterrevolutionary clique's plan for carrying out a counterrevolutionary armed coup d'etat aimed at taking over national political power. However, it also did not forget the overthrow of the local people's governments, knowing that it was not easy to overthrow the central people's government. To achieve its ultimate goal of overthrowing the government, which exercised the dictatorship of the proletariat, as well as the socialist system, and to achieve its counterrevolutionary restoration plot throughout the country, in many cases the clique began by setting up counterrevolutionary separatist strongholds, overthrowing the local people's governments and usurping their political power.

Actual results in subverting the government are not needed to substantiate the crime of plotting to subvert the government. The felon will be found guilty of this crime as long as it has been ascertained that he has conspired secretly to subvert the government.

The crime of plotting to subvert the government is primarily a crime committed by careerists and schemers who occupy relatively high positions in party and state organs, and who have relatively great social influence. The crime of plotting to subvert the government is even more deceptive and destructive than the subversion carried out by other class enemies. According to Article 92 and Article 103 of the Criminal Law, whoever is found guilty of plotting to subvert the government is to be sentenced to life imprisonment, and may be sentenced to death when the harm to the state and the people is especially serious and the circumstances especially odious.

#### JIEFANGJUN BAO ON SELF-CRITICISM IN ARMY

OW080606 Beijing Domestic Service in Mandarin 2130 GMT 7 May 86

[Text] JIEFANGJUN BAO carried a commentator's article on the first page reiterating that the effort to create a good atmosphere is one of the fundamental goals of party rectification in the Army. The article holds that one of the important means to reach that goal is to conduct frequent and active criticism and self-criticism in the Army, since criticism and self-criticism is tantamount to good atmosphere and the only and efficient path leading to all good atmosphere.

SHANGHAI LEADER AT CULTURAL DEVELOPMENT MEETING

OW141128 Shanghai City Service in Mandarin 0000 GMT 14 May 86

[Excerpt] The Shanghai symposium on strategy for Shanghai's cultural development held a plenary session yesterday to hear some speeches. Xie Lijuan, vice mayor of Shanghai, and Shu Wen, vice chairman of the Shanghai Municipal People's Congress Standing Committee, chaired the morning and afternoon sessions. Gao Zhanxiang, vice minister of culture, and Rui Xingwen and Huang Ju, respectively secretary and deputy secretary of the Shanghai municipal party committee, attended yesterday's session.

Speaking at the session, Xia Yan, vice chairman of the China Federation of Literary and Art Circles, pointed out: The strategy for Shanghai's cultural development must be compatible with the strategy for Shanghai's economic development approved by the State Council; it must also be compatible with the nation's objective of quadrupling gross industrial and agricultural output value by the year 2000. Proceeding from its actual situation, Shanghai must oppose conservatism, but it must also guard against rashness. After analyzing Shanghai, past and present situation, Xia Yan urged Shanghai to give full scope to its advantages so that Shanghai can lead other parts of the country in cultural development.

SHANGHAI MILITIA TRANSFERRED TO LOCAL GOVERNMENT

OW060949 Shanghai City Service in Mandarin 0000 GMT 6 May 86

[Text] On the morning of 5 May, the Shanghai Municipal CPC Committee, the Municipal People's Government, and the Shanghai Garrison held a signing ceremony on transferring the Nanshi District People's Armed Forces Department, the first pilot unit to be transferred in Shanghai, to local administration. Attending the signing ceremony were: Ba Zhongtran, commander, and (Xiang Shourong), chief of staff, of the Shanghai Garrison; Qian Zuezhong, vice chairman of the Armed Forces Committee of the municipal CPC Committee and secretary general of the municipal People's Government; as well as party and government leaders of Nanshi District.

Formerly under the command of the military administratively, the Nanshi District People's Armed Forces Department has now been put under the command of the district party committee and the district government. After transfer, the district armed forces department will become an independent military organ under the dual leadership of the local authorities and the military.

BRIEFS

**ZHEJIANG SATELLITE GROUND STATIONS** -- The cities, prefectures and counties in Zhejiang will successively build a network of satellite ground receiving stations to receive and relay educational and other programs transmitted by the Central Television Station via satellite, according to a provincial meeting on public health and education which ended in Tonglu County on 29 April. This year, China has obtained, by renting and buying, a total of three satellite transmitters. They will be used by the Central Television Station to open education and economic information channels in addition to its current programs. The educational television programs will start on a trial basis on 1 July this year and remain on the air for 17 hours each day. A satellite ground receiving station has just been completed in Tonglu County. Participants of the meeting wanted to build one in their respective localities as soon as possible. [Summary] [Hangzhou Zhejiang Provincial Service in Mandarin 1000 GMT 29 Apr 86 OW]

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BEIJING: MAYOR ON REFORMS TO REMEDY SERVICE PROBLEMS

OW141849 Beijing XINHUA in English 1514 GMT 14 May 86

[Text] Beijing, May 14 (XINHUA) -- Beijing Mayor Chen Xitong said here today the remedy to the problems in Beijing's services sector is the continuation of reforms. Chen noted that the poor services here are mainly due to "inadequate implementation of the responsibility system," the main feature of the reforms carried out in China in recent years. To tackle the problems, he said, there is the need for the service trades to resume pursuing the system, which boosts staff enthusiasm for work by relating their income directly to the management of their enterprises.

The mayor was making an address in response to criticism of Beijing's services by a group of delegates to last month's National People's Congress here. This news agency released a story in Chinese and English about the complaints of Beijing residents. The Chinese version was published in full in the BEIJING DAILY today.

The mayor added that Beijing's increasing population, especially those pouring into the city from other regions, has made "intolerable" demands on Beijing's commerce and services network. The city now has a population of more than nine million, with a transient population of about one million every day, he said. According to Chen, other factors responsible for poor services include inadequate consideration for the problems of service workers, unreasonable prices for some commodities, and inadequate training for those who have entered service trades in recent years.

XING CHONGZHI ATTENDS HEBEI CPPCC CLOSING SESSION

SK140725 Shijiazhuang HEBEI RIBAO in Chinese 30 Apr 86 p 1

[Excerpts] After successfully accomplishing all items on the agenda, the Fourth Session of the Fifth Hebei Provincial CPPCC Committee concluded on the afternoon of 29 April.

Present at the closing ceremony to congratulate the successful conclusion of the session were some leading comrades of the party, government, and army, including Xing Chongzhi, Xie Feng, Li Wenshan, Yang Zejiang, Zhang Chao, Ye Liansong, Lu Chanzan, Chen Yujie, Du Benjie, Wang Youhui, and Dong Xuelin.

Among those invited to attend the closing ceremony were Liu Zhenhua, Han Shufan, Liu Kedong, and Jiang Shougui, members of the National CPPCC Committee; and Jia Qiyun and Lu Zhiguo, former vice chairmen of the provincial CPPCC Committee.

Seated at the rostrum were Yin Zhe, chairman of the provincial CPPCC Committee; Zhang Ruolin, Bai Tieshi, Chen Lintang, Ma Zhouzhou, Wang Enduo, May Xinyun, Liu Zongyao, and Du Jingyi, vice chairmen of the provincial CPPCC Committee; and Wang Shusen, secretary general of the provincial CPPCC Committee.

Xu Chunxing, vice chairman of the provincial CPPCC Committee, presided over the closing ceremony. Voting, by a show of hands, the session unanimously elected Wang Shusen as Standing Committee member and secretary general of the provincial CPPCC Committee. Amid warm applause, Wang Shusen stood up from his seat to greet all CPPCC members. Before the election, Xu Chunxing, vice chairman of the provincial CPPCC Committee, explained to the CPPCC members participating in the session the fact that Shi Xizhi had voluntarily requested that he be allowed to resign from the post of secretary general of the provincial CPPCC Committee in order to implement the instruction of the central authorities on ensuring that the ranks of cadres become more revolutionary, younger in average age, better educated, and more professionally competent.



When undertaking the post of secretary general of the provincial CPPCC Committee, Shi Xizhi enjoyed the respect of the people for working hard and making notable achievements. At that time, the CPPCC members warmly applauded to extend their heartfelt respect for him.

After that, the session adopted a resolution on the political work made by the fourth session of the fifth provincial CPPCC Committee, a resolution on the report on the work of the provincial CPPCC Committee Standing Committee, and a report on the situation in examining the motions of the fourth session of the fifth provincial CPPCC Committee.

After accomplishing all the items on the agenda, Li Wenshan, deputy secretary of the provincial CPC Committee, delivered a speech at the session. Yin Zhe, chairman of the provincial CPPCC Committee, was the last to make a speech.

#### XING CHONGZHI ATTENDS HEBEI DEMOCRATIC PARTY FORUM

SK140858 Shijiazhuang HEBEI RIBAO in Chinese 29 Apr 86 p 1

[Text] On the morning of 27 April, the provincial CPC Committee held a forum of responsible persons of various democratic parties and mass organizations to discuss the issue of choosing candidates for the governor and vice governors of the provincial people's government through supplementary elections at the fourth session of the sixth provincial People's Congress. The forum was presided over by Xing Chongzhi, secretary of provincial CPC Committee. The forum participants freely aired their views, unanimously agreed with the provincial CPC Committee's proposed candidates for the governor and vice governors, and put forward many demands and suggestions on the work of the provincial CPC Committee and government.

#### NI ZHIFU ATTENDS TIANJIN PEOPLE'S CONGRESS SESSION

SK140742 Tianjin TIANJIN RIBAO in Chinese 27 Apr 86 p 1

[Excerpt] The 5th Session of the 10th municipal People's Congress held a meeting on the afternoon of 26 April. Ni Zhifu, Wu Zhen, and Zhang Zaiwang attended the meeting. Executive chairmen of the meeting were Zhang Huaisan, Chen Bing, Yang Jianbai, Zhu Liangcheng, Sun Zhiqiang, Liu Qiurong (female), Yang Tianshou, Yang Xiaopeng, Zhang Chung, Zhang Delin, Zhou Xinghua, Ge Tonghuan, Dong Jianhua, Xie Jinsheng, Teng Weizao, and Yan Tingzhen. The meeting was presided over by Yang Jianbai, an executive chairman of the meeting.

Bai Hua, vice chairman of the municipal People's Congress Standing Committee, delivered a work report of the municipal People's Congress Standing Committee. Entrusted by Wang Yongchen, president of the municipal Higher People's Court, Song Xinchung, vice president of the municipal Higher People's Court. Liang Guoqing, chief procurator of the municipal People's Procuratorate, delivered a work report of the municipal People's Procuratorate.

#### TIANJIN: NI ZHIFU EXAMINES EXPORTS EXHIBITION

SK140900 Tianjin TIANJIN RIBAO in Chinese 28 Apr 86 p 1

[Excerpts] "There is a galaxy of brand-name and quality products on display and the designs of the exhibits are quite new." This was an evaluation of the people for the export commodities displayed at the 2-day municipal preliminary exhibition.

These commodities will soon be displayed at the Hong Kong export commodities sales exhibition. On 26 and 27 April, Ni Zhifu, Li Ruihuan, Wu Zhen, Nie Bichu, and other leading comrades of the municipal CPC Committee, the municipal Advisory Commission, the municipal People's Congress, the municipal government and the municipal CPPCC Committee examined the exhibits at the preliminary exhibition.

With the approval of the Ministry of Foreign Economic Relations and Trade, our municipality will sponsor its first export commodities sales exhibition in Hong Kong from 22 to 28 July. The sales exhibition will enable foreign friends and the broad masses of traders to further understand Tianjin's achievements and the new level which the export commodities have attained under the new situation in which the policy of vitalizing the domestic economy and opening to the outside world is being implemented; deepen the production departments' understanding of the foreign market situation; further expand the municipality's production of export products; and enhance the competitiveness of export products on international markets.

More than 108 municipal industrial companies will participate in this sales exhibition. After 5 months of tense preparations, we have provided nearly 2,800 varieties of products for the sales exhibition. The preliminary exhibition for the sales exhibition came to an end yesterday.

#### TIANJIN LENIENCY RALLY HELD FOR CRIMINALS

SK140902 Tianjin TIANJIN RIBAO in Chinese 1 May 86 p 1

[Excerpts] On the morning of 30 April, the municipality held a rally at first palace to give leniency to those criminals who surrendered to the police during the anti-stealing campaign. At the rally, the branch of the municipal People's Procuratorate announced the decision to give leniency to four thieves who voluntarily surrendered to the police and grant them immunity from prosecution.

Vice Mayor Lu Xuezheng spoke at the rally. He said: The party and the government mean what they say. All those who have committed thefts and other crimes, no matter how serious their crimes are, will be treated leniently in accordance with the spirit of "giving leniency to those who confess their crimes," so long as they surrender to the public security authorities and confess their crimes within the time limits set by the government.'

"He said: Since 1 April when the "notice" of the municipal Public Security Bureau was promulgated, the municipality's anti-stealing campaign has developed strong momentum and achieved marked results. Under the deterrent of the people's democratic dictatorship and the influence of the party's policies, more than 5,000 law breakers have surrendered to the police. The large number of the masses have supported and coordinated with the public security departments to seize and hand over a total of 1,076 criminals to the police. During the anti-stealing campaign, the public security organs have cracked 1,939 stealing cases, recovered large amounts of illicit money and property, and retrieved more than 4.947 million yuan of economic losses. Responsible persons of the municipal CPC Committee, the municipal People's Congress Standing Committee and the municipal People's Government attended the rally.

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GANSU REGULATIONS DEFINE SPECULATIVE ACTIVITIES

HK080325 Lanzhou Gansu Provincial Service in Mandarin 2200 GMT 7 May 86

[Text] To curb illegal speculative activities, protect legitimate dealings, and uphold socialist economic order, the provincial industry and commerce administrative bureau recently issued provisional regulations on investigating and dealing with illegal economic activities. The regulations list in detail 12 kinds of activities that come under the category of speculation, together with the methods of dealing with them including fines, confiscation, enterprise consolidation, and so on.

The circular points out: Reselling material allocated under mandatory state plans for profit; reselling materials whose unrestricted purchase and sale is forbidden by the state, such as banned goods, contraband, illegal medicines, and reactionary and pornographic material including literature and pictures for profit; buying commodities in bulk from the state retail shops in extremely short supply and reselling them for profit; reselling bank certificates, foreign currency and exchange, and Overseas Chinese and foreign certificates for profit; reselling and dealing in cultural relics at profit; and diverting commodities earmarked for export to the domestic market -- all these activities come under the category of speculation, and we must resolutely crack down on them and deal with them severely.

SHAANXI COMMENTARY ON POWER ABUSE FOR PRIVATE GAINS

HK090253 Xian Shaanxi Provincial Service in Mandarin 2330 GMT 7 May 86

[Station commentary: "Abuse of Power for Private Interests Is the Core of Sectoral Malpractices"]

[Excerpts] Curbing sectoral malpractices is an important hallmark of straightening out party style and checking the ongoing development of unhealthy trends. In the wake of checking the development of unhealthy trends, the problems disclosed in all aspects bear sectoral characteristics to a very great extent. The situation in the work of the different sectors varies greatly and their work style is also different. If we want to correct the unhealthy trends of all fronts, trades, and professions, we cannot use a single standard, set a unified demand, and apply a single method. In the light of the realities of the different trades and professions, we must grasp the unhealthy trends which bear sectoral characteristics. We can then penetratingly carry out the work of correcting such trends.

To eliminate sectoral malpractices, we must stress curbing the unhealthy trends of taking advantage of functions and powers, practicing fraud, extortion, entrapping the masses, and pursuing private ends. In our socialist country, people engage in thousands of trades and professions. The aim of the thousands of trades and professions is to serve the masses' production and livelihood. The workers of all trades and professions are to serve the people. Those who are faithful to their duties, perform their duties, and seek the interests of the people are welcomed by the masses. This can promote close ties between the party and the masses. The great majority of the workers of all trades and professions act in this way.

However, due to historical reasons and under the influence of capitalist ideology, some trades and professions have one problem or another.



For instance, those who control water close sluice-gates stop water supply at will; those who control electricity pull the plug at will to stop electricity supply; those who control the market confiscate goods and impose fines at will, and so on. The core of this overbearing work style which has sectoral characteristics is to take advantage of the power vested by the people to pursue private ends and to act wildly in defiance of the law or public opinion. The work of serving the people is turned into measures for entrapping the masses. This ideology, work style, and behavior are not allowed by the party discipline and state law and are opposed by the great majority of the workers of all trades and professions.

To get rid of sectoral malpractices, leaders must take the lead. In places and units which have serious sectoral malpractices, the problem is often something to do with their leaders who are contaminated by bad work style. Some people do not consider a problem or work from the standpoint of the party and state but only take the partial interests of their units into consideration. Some people regard the system and unit under their leadership as their individual kingdom and act like a tyrant or overlord. They accept gifts, take commissions, and even extort and accept bribes and reap ill-gotten gains. Regarding the problems of these people who hold leadership posts, if we do not strictly investigate and deal with them, the unhealthy trends which have sectoral characteristics can hardly be corrected. Therefore, we must strictly investigate and deal with the problems of sectoral malpractices occurring among leaders. We must investigate and deal with those who take advantage of power to seek personal gain, whoever they may be. We must deal with them in the way they deserve. We must conduct education in discipline, in professional ethics, and in serving the people for the great majority of workers.

To eliminate sectoral malpractices, we must take action and work in a down-to-earth manner. Only by eliminating sectoral malpractices can we promote the basic improvement of party style and general mood of society and the development of all undertakings.

#### SHAANXI: DEVELOPMENT OF LATERAL ECONOMIC TIES URGED

HK050621 Xian Shaanxi Provincial Service in Mandarin 2330 GMT 4 May 86

[Radio talk: "Study and Popularize Experiences of Baoji, Promote Development of Lateral Economic Ties and Integration of Urban and Rural Areas"]

[Text] Facing the new situation of economic reform in both the urban and rural areas, the party and government leaders of Baoji City made the best use of the situation and promoted the practice of transferring industry, science and technology to the rural areas which delivered agricultural and sideline products, as well as peasants' labor and funds into cities. They advocated the slogan of two downs, two ups and one construction, which aims at building small towns. This is an effective measure for continuing to develop lateral economic ties, promoting exchanges between the urban and rural areas, and promoting economic development of the urban and rural areas. Once this measure was taken, both the urban and rural areas were integrated. This has achieved the aim of putting counties under the jurisdiction of cities and giving full play to the cities' role of being the center, as well as the counties' role of being the grass roots. Therefore, the provincial CPC Committee and the provincial government believe that Baoji's experiences are very significant in connection with the present situation, and should be greatly popularized throughout the province.

In order to learn from Baoji's experiences we must first study ways of boldly breaking away from the outmoded concepts of restricting the work to regions and departments when handling matters. Also, we must study innovative ways of implementing the central principles and policies.

Second, we must master the skill of judging from the overall situation and grasping the focal point. We must take the development of lateral economic ties and the promotion of integration of the urban and rural areas as an important task concerning the overall situation. That is, we must grasp this focal point.

Third, we must study their ideology and work style in which leadership means service. The leading comrades of the city CPC Committee and city government took the lead in offering services at the grass roots, in enterprises and at the forefront of production. They solved problems for comrades at the grass roots in a down-to-earth manner. They helped comrades find the best solutions and made on-the-spot decisions. This is an important part of promoting the leader's work.

Judging from the province as a whole, the work of popularizing Baoji's experiences also gives us a great deal of enlightenment. That is, we must attach great importance to the work of medium-sized cities. Generally speaking, the province's medium-sized cities must have a number of large and medium-sized industrial enterprises, have rather strong technological and educational forces, and be easily accessed. They should be the commercial and trading centers of nearby areas, and occupy an important position in the province's national economy. Compared to the large cities, they should have room for management development, and use it to advantage. Therefore, strengthening the building of medium-sized cities, and promoting reforms and the economic construction of these cities will inevitably bring good results in the development of the whole national economy. We expect that more good examples will be developed in the course implementing reforms.

#### XINJIANG COMMENTARY PROMOTES NATIONALITY SOLIDARITY

HK040448 Urumqi Xinjiang Regional Service in Mandarin 0000 GMT 4 May 86

[Station commentary: "Learn the Experiences of Zepu and Raise Nationality Solidarity to a New Level"]

[Excerpts] Learning Zepu's experiences and launching a regionwide drive to create model units in nationality solidarity is bound to play a tremendous role and have a far-reaching influence in developing the excellent situation in nationality solidarity in the region and in promoting the great business of developing and building Xinjiang.

The effort to create model units in nationality solidarity can make nationality solidarity work a regular and systematic affair. Xinjiang has scored tremendous achievements in this work since the 3d Plenary Session of the 11th CPC Central Committee, and especially in recent years. However, we should also realize that some places and units have not yet assigned this work a regular and important place on their agenda. The work is sometimes grasped tightly and sometimes slackened. The practice of Zepu proves that launching an extensive drive to create model units in nationality solidarity can change this state of affairs and ensure that nationality work can proceed in an organized, thorough and sustained way under leadership.

The fundamental interest of the people of all nationalities lies in strengthening nationality unity. It is the common cause of all nationalities. Only if all levels and sectors are mobilized can we form a situation in which everyone thinks of nationality solidarity and work to promote it through good deeds. A social atmosphere can be created in which the people of all nationalities trust, respect, support, learn from, and make allowances for each other.

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COMMENTARY EXAMINES PILOT'S DEFECTION, 'VETERAN SYNDROME'

HK131014 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 1224 GMT 11 May 86

[Commentary by He Shan: "Wang Hsi-chueh and the 'Veteran Syndrome'"]

[Text] Hong Kong, 11 May (ZHONGGUO TONGXUN SHE) -- In order to visit his aged father after a separation of over 40 years, Wang Hsi-chueh, a China Airlines pilot, flew a jet to Mainland China, causing quite a shock in Taiwan. Some public opinion holds that this kind of "homesickness" is not an individual phenomenon but a demonstration of the "veteran syndrome" which is now epidemic in Taiwan.

A few days ago, while addressing an urgent inquiry to the "Executive Yuan," Hsieh Hsueh-hsien, a "legislator" in Taiwan, pointed out that longing to visit relatives in Mainland China is a popular sentiment among people in Taiwan who are from various provinces in Mainland China. Since some of them had already visited their relatives on the mainland using other channels and the majority of these people have returned to Taiwan after the visit, he suggested that based on humanitarian grounds the authorities should allow people from various provinces in Mainland China to visit relatives in their hometowns and appropriately open person-to-person relations. Otherwise, the losses will outweigh the gains when popular discontent is stirred up, or "illegal acts" similar to the China Airlines incident will happen again.

Wang Hsi-chueh is a senior China Airlines pilot. According to newspapers in Taiwan, he once studied in the air force's junior training school and military academy and was an Air Force officer for several decades. He flew a U2 spy plane to penetrate into the mainland to carry out high-altitude reconnaissance flights on many occasions. Due to his outstanding performance, he was once summoned by Chiang Kai-shek and "had a photo taken together with him." After he joined China Airlines, he got a monthly salary of as much as 150,000 new Taiwan currency. He also enjoyed quite a happy family life. Since he had a situation envied by most of his colleagues, it is really incomprehensible that he determinedly returned to the mainland where conditions are relatively poor and asked to settle there. Nevertheless, this incomprehensible thing did happen. Maybe it was because he missed his hometown and relatives on the mainland too much, as he said at a press conference in Guangzhou. This is quite natural and normal in human relationships.

At present, there are still thousands upon thousands of veteran soldiers originating from various provinces in Taiwan. Like Wang Hsi-chueh, they left their hometowns at a very young age and came to Taiwan with the army. They have not seen their relatives on the mainland for over 30 years and still do not have any hope of being together with them. In addition to having no way to visit their hometowns, they are also prevented from corresponding with their relatives. Some of them who have some means can make use of their trips to foreign countries to meet their relatives abroad or directly visit their hometown at the risk of being punished after returning to Taiwan. However, those who do not have the means to make a trip to a foreign country, either resign themselves to their fate and die in grief or commit suicide after contracting diseases do to homesickness. Nevertheless, some of them take the plunge in desperation and risk their lives to find various means to fulfill their wishes.

Since the beginning of this year, press circles in Taiwan have made many appeals to the authorities to work out feasible methods to let relatives on both sides of the Taiwan Strait meet. Not long ago, the Gaoxiong City Board submitted a motion to the "Judicial Ministry" in Taiwan asking the authorities to allow residents in Taiwan "to correspond with their relatives on the mainland to pacify homesick feelings."



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It should not be difficult to satisfy these humanitarian and ethical demands. Moreover, the authorities on the mainland have announced on many occasions that Taiwan compatriots are welcome to visit relatives and friends and travel on the mainland, and are free to go or stay. It seems that the best solution for the Taiwan authorities is to comply with the popular feeling and adopt measures to correctly handle the "veteran syndrome" as soon as possible.

ZHONGGUO TONGXUN SHE ON TAIWAN NUCLEAR PLANT FIRE

HK150537 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 1031 GMT 14 May 86

[Report: Taiwan's No 3 Nuclear Power Plant Incident Proved To Be the Result of Design Errors"]

[Text] Hong Kong, 14 May (ZHONGGUO TONGXUN SHE) -- A source from Taipei indicates that the main cause of the fire at the No 1 machine of Taiwan's No 3 nuclear power plant on 7 July last year was major design errors in the gas turbine made by the U.S. Giji [1142 8381] Company.

According to what the specialists of the Atomic Energy Committee of the Executive Yuan revealed the design errors were that the frequency of the mechanic natural vibration of the generating system was not up to design standard and that the frequency of the natural vibration of the low pressure gas turbine was too close to that of other machines. As a result, resonance occurred and the main axis, the vanes of the low pressure gas turbine, and the hydrogen seal ring were damaged, causing hydrogen explosions which led to a big fire. In the course of investigation, they also discovered something wrong with the manufacture of the vanes of the low pressure gas turbine.

The specialists remarked that the No 2 machine of the plant has the same problems in spite of the recent adjustment of the frequency of the natural vibration of the low pressure gas turbine of the machine. The Taiwan Electric Power Company pointed out that it will take at least half a year to thoroughly correct the design errors. Therefore, the Taiwan Electric Power Company decided that before the generating vanes of the Nos 1 and 2 machines were thoroughly replaced, it would take an expedient measure of dismantling the last vane, and reduce the load and generating volume of the plant to ensure safety in electric generating.

CAAC OFFICIALS IN HONG KONG FOR TALKS ON CAL PLANE

HK150836 Beijing XINHUA Hong Kong Service in Chinese 0741 GMT 15 May 86

[Handwritten report]

[Text] Hong Kong, 15 May (XINHUA) -- Our reporter has learned from Zhang Ruipu, manager of the Hong Kong office of the Civil Aviation Administration of China [CAAC], that the representatives commissioned by the CAAC are currently in Hong Kong and ready to open talks with the representatives of the China Airlines [CAL] on the handing over of the Boeing 747 cargo plane, the two crew members, and the cargo aboard. The CAAC representatives are now waiting for the CAL's official reply to the CAAC's telegraph dated 11 May.

YUAN EXAMINES GOVERNMENT ARMS SALES POLICY

OW090255 Taipei CNA in English 0238 GMT 9 May 86

[Text] Taipei, May 8 (CNA) -- The nation's exports of military hardware is not aimed at earning money, but to boost the national interest as a whole, the Executive Yuan said Thursday. It is different from the arms sales of many other countries, it added. As arms sale is a sensitive international issue, the government has handled it with a special care to avoid affecting the nation's image and causing possible embarrassment in national diplomacy, the executive body said in a written reply to an interpellation of legislator Wu Chun-hsiung on the development of the national military industry and supply of accessories to military hardware.

It is the set national defense policy to combine public and private enterprises to jointly advance the national defense industry and raise standards of national defence technology, the Yuan said. The government has assisted to establish more than 390 satellite factories for the national arsenal. They have contributed greatly to boosting domestic industrial technology and economic development, the Yuan said. To assure supply of accessories to military hardware, the Yuan said the Defense Ministry has created a computer system to maintain control of stocks, and has often reviewed supply practices to improve the supply system.

NO RADIOACTIVE CONTAMINATION FOUND IN IMPORTED FOOD

OW141443 Taipei CNA in English 1402 GMT 14 May 86

[Text] Taipei, May 14 (CNA) -- An examination report shows that no sign of radioactive contamination so far has been found on the foodstuffs the Republic of China imports, says T.P. Wang, director general of the Bureau of Commodity Inspection and Quarantine. Examined food grains included barley, wheat, oat, maize, sesame, and cassava which are imported from Australia, New Zealand, the United States, Thailand, Sweden, Indonesia, India, Canada, Portugal, Hong Kong, South Africa, Japan, Nigeria, Sri Lanka, the United Kingdom, Uruguay, Paraguay, and Singapore.

Since 1973, Wang said, his bureau has cooperated with the nation's Tsing Hua University to engage in inspections for radioactive contamination on imported foodstuffs. During the period of Jan. 1985 till May 1986, all 84 examined cases have been found safe and with no sign of radioactive contamination. Wang made the statement in reply to legislator Hwa Ai's interpellation at a Legislative Yuan's Economic Committee meeting Wednesday.

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FUJIAN OFFICIALS HOPE TALKS LEAD TO PRC-TAIWAN CONTACTS

HK150513 Hong Kong SOUTH CHINA MORNING POST in English 15 May 86 p 13

[By Ophelia Suen in Fuzhou]

[Text] A provincial official has forecast that the negotiations between CAL [China Airlines] and CAAC [Civil Aviation Administration of China] will encourage further co-operation between Taiwan and China.

The Fujian provincial head [as published] Mr Hu Ping, said of the airline talks: "This is a pleasing sign. We hope that via this matter, Taiwan can (in future) communicate with us." However, he added: "This is not a political issue, it is just an issue between two airline companies." He hoped that a solution satisfactory to both sides could be reached and that this would in turn "motivate cooperation across the Straits." Mr Hu was speaking with Hong Kong and Macao reporters after the opening of the Fifth Session of the Sixth Fujian Provincial People's Congress. About 480 congress members were present for the gathering, which was also attended by more than 600 officials from throughout the province. It is only the second time Hong Kong reporters have been invited to attend the congress. The current session, which is reviewing the Sixth Five-Year Plan (1980 to 1985) and discussing details of the Seventh 5-Year Plan, is due to end on May 22.

Referring to the historical differences between China and Taiwan, Mr Hu said he had visited an island close to Jinmen and found that the atmosphere there was "comparatively friendly." He noted that about 10,900 people from Taiwan visited Fujian last year through various channels. And there were daily contacts between fishermen from both states along the coast. Fujian has eight reception centres for fishermen from Taiwan, which have greatly boosted trade between the two areas.

HSIN WAN PAO ASSESSES SINO-U.S. ECONOMIC RELATIONS

HK130841 Hong Kong HSIN WAN PAO in Chinese 9 May 86 p 1

["New Talk" column: "There Will Be Further Development in Sino-U.S. Economic Relations"]

[Text] The sixth conference of the Sino-U.S. Joint Economic Committee was convened in Beijing yesterday. U.S. Treasury Secretary Baker led a delegation to the conference. Chinese President Li Xiannian met Baker before the opening of the conference. Li Xiannian said that China is resolute in implementing the policy of opening up to the world and that this policy will remain unchanged in this generation as well as in the next generation. He hoped that more U.S. industrialists will make investments in China.

The Sino-U.S. Joint Economic Committee Conference will discuss problems existing in economic cooperation between the two countries. The heads of the Chinese and U.S. delegations at the fifth conference in Washington last year had also been Wang Bingqian and Baker, the former being Chinese finance minister and the latter U.S. treasury secretary. At the conference last year, both sides exchanged views on macroeconomic management, investments, and credit, as well as problems concerning banking and finance.

Although there are some obstacles to Sino-U.S. economic cooperation, there has been gradual improvement year by year.



At the current conference of the Joint Economic Committee, the two finance ministers reviewed the following situations: 1) Bilateral trade amounted to \$7.3 billion last year, about a 20 percent increase over the previous year. 2) By the end of last year, agreements already signed for U.S. merchants' direct investments in China total \$2.1 billion and actual investments made exceed \$1 billion, a 50 percent increase in 2 years. 3) There has been a marked rise in the sales of high technology products since the United States relaxed its limitations on the export of these products to China, and in addition the United States has taken a step forward in relaxing its limitations on technology transfers to China. 4) Sino-U.S. cooperation in the investment sphere has expanded from tourism and the production of light industrial products to the exploitation of coal, hydropower, offshore and onshore oil, and nonferrous metals as well as the development of aviation and the electronics industry.

The Sino-U.S. Joint Economic Committee holds a conference once a year, and so does the Sino-U.S. Joint Commercial and Trade Committee. The two committees are aimed at developing bilateral trade and strengthening economic cooperation between the two countries. As the two countries are different in terms of social systems, politics, history, culture, and economics, there are certainly difficulties in the course of promoting their cooperation. Imbalance in bilateral trade, imperfectness of China's law on foreign-related economy, and outmoded U.S. economic legislation and measures constitute obstacles to Sino-U.S. economic cooperation. It is necessary for both sides to take proper measures to remove these obstacles.

The expansion of Sino-U.S. trade and the development of Sino-U.S. economic cooperation is definitely beneficial to both sides. Their abnormal relations in the past decades have rapidly turned for the better over the last 3 to 5 years. AS for China's policy of opening up to the world, it is doubtless that the next generation will inherit it from the present generation. Li Xiannian's reiteration of this policy provides a major guarantee for China to carry out economic cooperation with various countries in the world, including the United States.

#### ABOLITION OF FOREIGN EXCHANGE CERTIFICATES ANALYZED

HK121118 Hong Kong TA KUNG PAO in Chinese 11 May 86 p 1

["Special feature" by Kan Wei: "Rumors in Guangzhou That Use of Foreign Exchange Certificates Will Cease at the End of the Year"]

[Text] What will be the fate of the foreign exchange certificates, which have been in circulation in China for 6 years? It seems that there will be an answer to this question soon. Not long ago, it was alleged in Guangzhou that the foreign exchange certificates would cease to be in use by the end of this year. This news is known to almost all and is consistent with the news in Beijing that the State Council is increasing preparations for the abolition of the foreign exchange certificates.

As far as the country is concerned, Guangdong and Fujian should be the two provinces with the greatest amounts of foreign exchange certificates in circulations. Most Overseas Chinese are from these two provinces and many of these Overseas Chinese still have family members there. Many Hong Kong and Macao compatriots also have relatives in these two provinces. In addition, because of their geographical proximity to Hong Kong and Macao, many tourists from Hong Kong and Macao visit or leave these two provinces each day. These people are users of foreign exchange certificates. The relatives of many Hong Kong and Macao compatriots and the families of many Overseas Chinese likely possess a very large amount of foreign exchange certificates. Will these people be effected by the abolition of the foreign exchange certificates? This is a question with which all holders of foreign exchange certificates are concerned.

The latest news from Beijing is that according to some authorities the state will protect the interests of holders of foreign exchange certificates when it announces their abolition and that the new measure adopted will not make things inconvenient for foreign visitors, Chinese naturalized in foreign countries, Overseas Chinese visiting the country and their relatives, or Hong Kong, Macao, and Taiwan compatriots.

This is something like a "notice to reassure the public." In principle, the value of the foreign exchange certificates is equal to that of renminbi notes. Macroeconomically, the purpose of the abolition of the foreign exchange certificates is to put an end to the abnormal phenomenon of the simultaneous circulation of more than one currency in the country and to eradicate the maladies resulting from it. Microeconomically, once the foreign exchange certificates are abolished, there will be the problem of clinging to the long-enforced policy that gives preferential treatment to holders of foreign exchange or, in other words, the problem of clinging to the preferential policy regarding overseas remittance.

The foreign exchange certificates were issued several years ago to facilitate the enforcement of the opening up policy. It was assumed that on the one hand, the use of foreign exchange certificates could prevent the circulation of foreign currencies on the domestic market, the practice of fraudulently buying foreign exchange, and the buying and selling of foreign exchange on the black market and, on the other hand, given the foreign exchange certificates, the preferential policy regarding overseas remittance would remain unchanged, thus continuing to encourage the influx of foreign exchange. The effects of the circulation of foreign exchange certificates have been most significant in Guangdong and Fujian.

In the past, in Guangdong, Fujian, and many other parts of the country, there were shops selling special commodities and giving preferential treatment to Overseas Chinese and their families. Since foreign exchange certificates were put into circulation, similar shops have been established in various parts of the country. These shops give preferential treatment to customers using foreign currencies to buy commodities. For example, only foreign exchange certificates are accepted at the "friendship stores" in Guangzhou and other parts of the country, which sell expensive quality goods and which are frequented by families of Overseas Chinese and Hong Kong and Macao compatriots.

The goods sold there, such as household refrigerators, color television sets, and other domestic electrical appliances, motorcycles, bicycles, high-quality furniture, and so on, are cheaper than those sold at ordinary shops. This is an effective way to encourage the flow of foreign exchange from the people to the government. So long as the local banks properly implement the measures for controlling the retention of foreign exchange by the enterprises, this is always an effective way to help the state earn more foreign exchange income.

In addition, the circulation of foreign exchange income can also help some Chinese-foreign joint ventures, such as hotels jointly run by Chinese and foreigners, recover their foreign exchange. For example, the hotels jointly run by Chinese and foreigners in Beijing, Guangzhou, and Shanghai mainly accept foreign exchange certificates. This can help foreign investors gradually recover their capital and make a profit. What will the "new measure be to replace the use of foreign exchange certificates" which is said to be under consideration?

Nothing is perfect. Since April 1980, when foreign exchange certificates were issued, undreamed-of adverse effects have indeed been observed throughout the country. Since people with foreign exchange certificates can buy high-quality consumer goods and since enterprises with foreign exchange certificates are allowed to withdraw their foreign exchange from the banks, foreign exchange certificates have become something much sought after and the illegal business of buying and selling foreign exchange certificates flourishes. This practice has spread all the way from the coastal cities to the inland cities and such far-off places as Xinjiang and Xizang. In the streets in Urumqi and Lhasa, there are always people ready to pay dearly for foreign exchange certificates. This practice, if unchecked, can disrupt the financial market and indirectly affect the people's livelihood.

Over the past few years, during the NPC and CPPCC sessions, many NPC deputies and CPPCC members, particularly those who are experienced economists, have focused their criticisms on the maladies resulting from the circulation of more than one currency in the country. In 1983, after listening to the opinions of various parties, the State Council began preparations for the abolition of foreign exchange certificates. However, according to some, because of various considerations and of the State Council's worry that the change may lead to some undesirable consequences, the plan has been shelved. In April this year, at the NPC and CPPCC sessions, the issue was mentioned again and critical views were aired by NPC deputies and CPPCC members. All this has prompted the central authorities to make up their minds.

On 3 April, at a press conference attended by Chinese and foreign reporters, Vice Premier Yao Yilin formally announced that the foreign exchange certificates would be abolished. However, he suggested that the preparations for the abolition of the foreign exchange certificates would be quite time-consuming. He said: "The abolition of the foreign exchange certificates would be beneficial to the development of China's foreign trade and tourism and to the intercourse and exchanges between China and other countries." "We have not decided when to abolish the foreign exchange certificates, but preparations are under way."

The abolition of the foreign exchange certificates, which have been in circulation for 6 years, will inevitably lead to some problems. This requires the specialists to carefully study the issue and to find something to replace them in order to avoid new problems. The hearsay in Guangzhou about the abolition of the foreign exchange certificates at the end of this year has yet to be verified or disproved by an official statement issued by the Bank of China.

#### PRC MEMBERS OF MACAO TALKS DELEGATION NAMED

HK141158 Hong Kong WEN WEI PO in Chinese 14 May 86 p 1

[Special dispatch from Beijing: "The First Round of Sino-Portuguese Talks Will Be Held in Beijing"]

[Text] According to reliable sources, negotiations between China and Portugal on the question of Macao's future will begin either later this month or in early June. The first round of talks will be held in Beijing and subsequent sessions will be held once every month. Head of the Chinese delegation is Zhou Nan, deputy minister of foreign affairs. The delegation will be composed of some four to five persons, and among those whose names are expected to figure in the list are: Ke Zhengping (NPC deputy and general manager of the Macao Nanguang Corporation, Shao Tianren (legal adviser at the Ministry of Foreign Affairs), Ke Zaishuo (director of the Hong Kong and Macao Affairs Office of the Ministry of Foreign Affairs), Zhu Hua (director of the Third Department at the State Council's Hong Kong and Macao Affairs Office) and Zhao Jihua (deputy director of the Hong Kong and Macao Affairs Office at the Ministry of Foreign Affairs).



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